



MONTGOMERY COUNTY EXECUTIVE ORDER

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject	Set Cable Television Rates Pursuant To FCC Form 1240	Executive Order No. 69-05	Subject Suffix
Originating Department	Technology Services Office of Cable and Communication Services	Department Number 346001	Effective Date 6/03/05

**ORDER OF THE COUNTY EXECUTIVE SETTING CABLE
TELEVISION RATES FOR THE BASIC SERVICE TIER PURSUANT TO
FCC FORM 1240 FILED APRIL 1, 2004**

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III, DATED MARCH 28, 2005

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**ORDER OF THE COUNTY EXECUTIVE SETTING CABLE
TELEVISION RATES FOR THE BASIC SERVICE TIER PURSUANT TO
FCC FORM 1240 FILED APRIL 1, 2004**

I. BACKGROUND

1. Under Section 623 of the Cable Communications Policy Act of 1984, 47 U.S.C. § 543, as amended ("Cable Act"), and Montgomery County Executive Regulation No. 50-93AM (Oct. 12, 1993) ("Executive Regulation" or "ER"), Montgomery County, Maryland ("County") is permitted to regulate rates for basic cable service and equipment (including installations).

2. The County initiated basic rate regulation on September 1, 1993.

3. On April 1, 2004, Comcast Cable of Potomac, LLC ("Comcast"), filed with the County FCC Form 1240, "Updating Maximum Permitted Rates for Regulated Cable Services," ("2004 Form 1240") under a cover letter dated March 31, 2004, seeking the County's approval of an increase in the maximum permitted rates for basic service.¹

4. The Office of Cable and Communication Services (the "Office") received and preliminarily reviewed the 2004 Form 1240 and published notice that such filing was available for public review and comment.

5. The County's financial consultant, Ashpaugh & Sculco, CPAs, PLC ("A&S"), reviewed Comcast's 2004 Form 1240. In the course of the A&S review, the County submitted its initial request for information to Comcast on April 15, 2004. Comcast provided a partial response on May 6, 2004. Subsequent requests and responses provided further information,

¹ On the same date, Comcast also made a nationally aggregated equipment filing on Form 1205 and filed for an add-on network upgrade rate increase on FCC Form 1235. Those forms are addressed in separate rate orders.

which is reflected in this Order and in a letter report from A&S dated March 9, 2005, appended as Attachment 1 ("A&S Report").

6. On March 10, 2005, the County delivered to Comcast a courtesy draft of this rate order for comment, including the A&S Report. Comcast submitted its comments on March 21, 2005, in the form of a letter from Gary S. Lutzker to Jane E. Lawton, dated March 21, 2005 ("Comcast Comments").

7. Federal Communications Commission ("FCC") rules place the burden on the cable operator to prove that its rates for basic service and equipment are reasonable under applicable federal law and regulations. 47 C.F.R. § 76.937(a). The County has given Comcast ample opportunity to provide the necessary support for its rates. Hence, to the extent Comcast has failed to carry its burden of proof, the County may establish Comcast's basic service tier ("BST") rate based on the best information available and the conclusions reached thereon by the County as the finder of fact.²

II. FINDINGS AND CONCLUSIONS

8. With respect to Comcast's 2004 Form 1240, the A&S Report concludes that certain adjustments are necessary in Comcast's Form 1240 pursuant to FCC regulations. In particular, the A&S Report adjusts the number of subscribers and the programming costs used in Comcast's calculation, including in the latter case reductions for launch fees received by Comcast. A&S Report at 1-2.

² See, e.g., *Comcast Cablevision of Tallahassee, Inc.: Appeal of Local Rate Order of City of Tallahassee, Fla.*, DA 95-1561, 10 FCC Rcd 7686 at ¶¶ 28-29, 37, 48-49, and 54 (1995).

related costs are spread only across paying subscribers. Thus, the paying subscribers would subsidize the free subscribers by paying the part of Comcast's costs allocable to the free subscribers. A&S Response at 2.

14. Similarly, Comcast recovers programming costs on Form 1240. In some cases, programmers charge a flat fee to Comcast, not based on the number of subscribers. Comcast's treatment of these costs thus suffers from the same problem as its treatment of franchise-related costs: paying subscribers would be required to pay the portion of these fixed costs properly allocable to the free subscribers. A&S Response at 2.

15. It would be improper to charge paying subscribers to underwrite Comcast's business decision to grant free service to other subscribers. Thus, free subscribers must be included in the subscriber count.

16. The analogies offered in the Comcast Comments do not alter this conclusion. First, Comcast appears to concede that the FCC has never ruled specifically that free subscribers should not be counted on Form 1240. Comcast does quote the FCC to the effect that an equivalent billing unit ("EBU") method, under which bulk-rate subscribers are counted *pro rata* according to their reduced costs, "correctly recognize[s] the reduced costs of providing services on a per subscriber basis to special customer classes." Comcast Comments at 5. However, Comcast's free subscribers are not, like bulk subscribers, receiving service at a reduced cost to Comcast; rather, Comcast is absorbing the cost of these free accounts as a business expense, and should not be allowed to impose some of that cost on paying subscribers.

17. Comcast also quotes an FCC order stating that in determining effective competition, "each separately billed *or billable* customer will be counted as a 'household.'" Comcast Comments at 5 (emphasis added). If it is relevant at all, however, this analogy cuts

A. Number of Subscribers

9. As with Comcast's 2003 filing, A&S found it necessary to adjust the company's subscriber count with respect to bulk subscriptions and subscribers who receive free service (for example, because they are employees, or for promotional reasons). *See* A&S Report at 2-3; Order of the County Executive Setting Cable Television Rates For Basic Service and Equipment Pursuant to FCC Forms 1240 and 1205 Filed April 3, 2003 (Jan. 23, 2004) ("2004 Rate Order") at ¶ 15.

10. Comcast did not object to the County's ruling on this issue in Comcast's appeal of the 2004 Rate Order.

11. In its comments, Comcast argued that subscribers receiving free service should not be counted for Form 1240 purposes. Comcast questioned the notion that omitting such subscribers would create a subsidy. In addition, Comcast cited a number of contexts other than Form 1240 in which it alleges the FCC does not count free subscribers for various purposes. Comcast Comments at 4-5.

12. Comcast provides free service to its own employees and gives complimentary accounts to others. The free service to employees is an employee benefit. The complimentary accounts are given away by Comcast for marketing reasons. Thus, these free accounts represent part of Comcast's cost of doing business. *See* letter from Garth T. Ashpaugh to Frederick E. Ellrod III dated March 22, 2005, responding to the Comcast Comments, appended hereto as Attachment 2, at 2 ("A&S Response").

13. On Form 1240, Comcast recovers franchise-related costs through its BST charges to subscribers. If free subscribers are not included in the subscriber count, these franchise-

against Comcast's claim, since households counted for purposes of effective competition include both those that are billed and those that are not billed but "billable." Comcast also refers to bad debt calculations, franchise fee calculations, and "other FCC filings" (Comcast Comments at 5), none of which it has shown to be significantly related to the equitable determination of reasonable costs on Form 1240.

18. The County finds that the adjustment made by A&S is reasonable and appropriate under FCC regulations.

B. Channel Count

19. In March 2004, Comcast moved four channels from the BST to an unregulated service tier. Comcast also added to the BST a new channel, WGN, not previously carried on the system. A&S Report at 3.

20. Comcast and the County have stipulated to the effect of this channel change for purposes of the 2004 Form 1240 in a Rate Agreement appended hereto as Attachment 3. The revised Form 1240 calculation attached to the A&S Report incorporates that stipulation. Accordingly, the treatment of Comcast's channel change is not further discussed herein.

C. Programming Costs

21. The A&S Report makes adjustments to the programming costs filed by Comcast based on several specific factors. A&S Report at 4.

22. In addition, Comcast disclosed for the first time on July 7, 2004, that it had received launch fees on a BST channel in 2001 and was amortizing this amount as an offset to programming expense on its books. Comcast had not previously disclosed these facts, although

it should have done so under FCC rules and in response to the County's requests each year for support for the actual amounts Comcast paid to programmers. In March 2004, the channel in question was moved off the BST. A&S Report at 4. These launch fees constitute payment from a programmer related to Comcast's carriage of a channel. As such, they must be offset against the ostensible cost of the channel to avoid misstating the real cost of the channel to Comcast. By omitting to include the launch fees, Comcast overstated its programming costs.

23. The A&S Report corrects for Comcast's over-recovery by reducing the company's current programming costs by the amount of the previously undisclosed launch fees. To make subscribers whole, the A&S Report includes in this reduction the 7.5% programming cost markup taken by Comcast in Worksheet 7 and the 11.25% interest rate that represents the time value of money reflected in the time lag between Comcast's over-recovery and the A&S Report's correction. A&S Report at 4-5.

24. Comcast objects that it does not understand how A&S computed this adjustment. In a footnote, however, Comcast recites the description of how the adjustment was computed from the A&S Report. Comcast Comments at 6 & n.19. That description provides sufficient information for Comcast to understand how the computation was made. Thus, Comcast's objection is groundless. Accordingly, there is no reason to reach the company's peculiar claim that it is entitled *both* to keep the underlying data confidential *and* to have a detailed computation included in the public report and order.

25. The Comcast Comments (n.19) express confusion about the amounts of the launch fee adjustment. The difference between the two numbers quoted by Comcast is made up of the 7.5% markup in Worksheet 7 and the 11.25% interest for the time lag caused by

Comcast's failure to report the launch fees to begin with – the factors indicated in the A&S Report's description of the methodology. *See* A&S Response at 2.

26. The County finds that the adjustment made by A&S is reasonable and appropriate under FCC regulations.

D. FCC Regulatory Fee

27. Comcast's 2004 Form 1240 failed to include the FCC regulatory fee charged to cable companies as a cost of regulation. The A&S Report corrects this error. A&S Report at 5.

28. Comcast claims that FCC rules permit it to omit the FCC regulatory fee on Form 1240 and instead to create a separate charge to basic subscribers based on an unverified "off-form" calculation. Comcast Comments at 7.

29. The FCC regulatory fee is treated as an external cost under FCC regulations, just like taxes, franchise fees, franchise-related costs, retransmission consent costs, other programming costs, and certain digital headend equipment costs. *See* 47 C.F.R. § 76.922(f)(1)(vi). Except for franchise fees, which have always been treated differently by the FCC, all these are recovered in the Form 1240 calculation. *See* Form 1240 instructions at 41-42. In fact, there is a specific line on Worksheet 7, line 708, on which the FCC directs Comcast to enter the FCC regulatory fee. *Id.* at 42. Thus, a cable operator recovers the FCC regulatory fee on Form 1240, not through an "off-form" calculation.

30. The Form 1240 calculation is the only mechanism made available by the FCC to ensure appropriate recovery of the regulatory fee. Use of the form as intended by the FCC allows the County to review Comcast's support for the determination of the amount Comcast recovers in the County, and handles any under- or over-recovery through the true-up process.

Comcast's preference for an off-form calculation, on the other hand, provides no mechanism to handle over- or under-collections. A&S Response at 3. Thus, Comcast's claim that its failure to use the FCC form "facilitates strict compliance," Comcast Comments at 8, is exactly the opposite of the truth: Comcast's method facilitates the company's concealment of its calculations and would make more difficult the required regulatory review.

31. The Comcast Comments incorporate an argument having to do with how the FCC regulatory fee is line-itemized. Comcast Comments at 7. This is irrelevant to the fact that the fee is to be included in the Form 1240 calculation.

32. Comcast also argues that because the County's 2004 Rate Order did not require Comcast to correct this problem, the County is now somehow precluded from doing so. The company ignores the fact that the County noted this problem in its 2004 Rate Order and, although the County did not require Comcast to make the correction in 2004, specifically reserved its right to do so in the future:

24. It appears that the 2003 Rate Filing excludes from the Form 1240 calculation the FCC Regulatory Fee imposed on Comcast by the FCC pursuant to 47 U.S.C. § 159. Instead, Comcast adds that fee onto the calculated rate after completing the Form 1240 calculation. This procedure does not seem to be consonant with FCC regulations, which treat the Regulatory Fee as part of the rate calculation. *See, e.g.*, 47 C.F.R. §§ 76.922(e)(2)(ii)(A), 76.924(f)(5). However, it does not appear that this irregularity of treatment results in any difference in the rates charged to subscribers. Accordingly, the County will not require an alteration in Comcast's treatment at this time. The County reserves its right to make any necessary corrections if it should become apparent that any party is disadvantaged by Comcast's treatment of the Regulatory Fee. (2004 Rate Order at ¶ 24, footnote omitted)

Thus, Comcast was expressly on notice with respect to this issue, and cannot have "reasonably relied upon the Consultant's previous methodology" (Comcast Comments at 8). (Nor has Comcast incurred any liability through such "reliance".)

33. The statement in the Comcast Comments that “the County previously accepted, and even required” the use of Comcast’s method is thus false, and, since Comcast has read the 2004 Rate Order, Comcast knows that the statement is false.

34. The County finds that the adjustment made by A&S is reasonable and appropriate under FCC regulations.

E. Franchise-Related Costs

35. As in its 2002 and 2003 filings, Comcast’s 2004 Form 1240 erroneously seeks to recover interest on interest for amortized franchise-related costs. The A&S Report once again corrects this error. A&S Report at 5.

36. Comcast objected to the County’s historic treatment of these costs, as reflected in the 2004 Rate Order, and included that issue in its appeal of that order to the FCC. The FCC has not ruled on Comcast’s appeal. Thus, the County’s 2004 Rate Order remains binding with respect to this issue.

F. Projected Period Costs

37. The Comcast Comments object to the A&S adjustment to Comcast’s projected period costs.

38. Since Comcast based its projected period costs on the past costs for its true-up period (increasing those past costs by one percent), it was necessary to “flow through” the A&S corrections to Comcast’s true-up costs into the projected period costs, so that the numbers remained consistent with Comcast’s estimation methodology. The A&S calculation used Comcast’s own methodology to do so. A&S Response at 3.

39. The County finds that the adjustment made by A&S is reasonable and appropriate under FCC regulations.

G. Conclusion

40. In light of the above discussion, the County finds the A&S Report's adjustments to the Form 1240 calculations to be reasonable and appropriate.

41. The County specifically reserves its right to review further all matters related to itemization on subscriber bills and to take any appropriate action on such matters. *See A&S Report at 2 n.1.*

III. ORDERING CLAUSES

IT IS THEREFORE ORDERED THAT:

42. Comcast's maximum permitted rate for basic service (including the FCC regulatory fee) is hereby set at \$16.0527 excluding the franchise fee and any add-on amount pursuant to Form 1235, but including all other franchise-related costs and the FCC regulatory fee, in accordance with the calculations and rationales of the A&S Report. A&S Report at 2. The rates set herein will govern Comcast's basic service rates until Comcast implements a further rate change pursuant to applicable law.

43. As soon as possible, but in any event within sixty (60) days from the effective date of this Order, Comcast shall make any rate reductions and refunds that may be necessary based on the BST rate shown above, in accordance with 47 C.F.R. § 76.942(d), with interest

computed at applicable rates published by the Internal Revenue Service for tax refunds and additional tax payments, pursuant to 47 C.F.R. § 76.942(e).

44. Pursuant to ER §§ 5.2 and 6.1(c), Comcast shall file with the County within ninety (90) days from the date of this Order a certification, signed by an authorized representative of Comcast, stating whether Comcast has complied fully with all provisions of this Order, describing in detail the precise measures taken to implement this Order.

45. Comcast shall not charge any BST rate higher than the BST rate set herein, nor increase that rate, nor impose on subscribers any other charge for basic service not specified herein or in the County's previous rate orders, including but not limited to bulk and commercial rates (to the extent such limitation is permitted by applicable law), unless such charge is first filed with and approved by the County, in accordance with applicable law and regulations, including but not limited to the notice requirements imposed by 47 C.F.R. § 76.932, or as otherwise expressly permitted by applicable law and regulations.

46. Comcast may charge a rate less than the maximum rate indicated above for basic service, as long as such rate complies with applicable law and is applied in a uniform and nondiscriminatory manner, pursuant to federal, state, and local laws and regulations.

47. Pursuant to ER § 4.3, the BST rate set herein is subject to further reduction and refund to the extent permitted under applicable law and regulations, as the same may be amended.

48. The County reserves all of its rights, without limitation, to take any further action that may be appropriate in light of Comcast's failure to disclose launch fee payments offsetting its programming costs. See ¶ 22 above.

49. The findings herein are based on the representations of Comcast. Should information come to the County's attention that these representations were inaccurate in any material way, the County reserves the right to take appropriate action. This Order is not to be construed as a finding that the County has accepted as correct any specific entry, explanation or argument made by Comcast not specifically addressed herein.

50. The County reserves all of its rights with respect to rate regulation, including, but not limited to, any right it may have to reopen this rate proceeding based on new information or rulings by governing authority, if it appears that such new information or rulings could alter the reasonable rates prescribed by FCC regulations, pursuant to ER § 4.3, and any right it may have to "true up" overcharges or undercharges in connection with future rate filings pursuant to 47 C.F.R. § 76.922(e)(3).

51. This Order constitutes the written decision required by 47 C.F.R. § 76.936(a).

52. To the extent that the Executive Regulation would impose deadlines or hearing requirements more stringent than those observed with respect to this process, and waiver of such requirements would be consistent with applicable FCC regulations and would not cause substantial harm to any party, the County Executive hereby waives such requirements, pursuant to ER § 6.1(c).



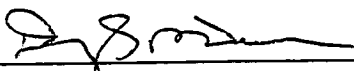
MONTGOMERY COUNTY EXECUTIVE ORDER

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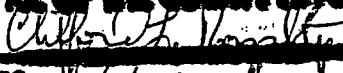
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53. This Order shall be effective immediately upon its approval by the County Executive, pursuant to ER § 4.1.

54. This Order shall be released to the public and to Comcast, and a public notice shall be published stating that this Order has been issued and is available for review, pursuant to ER § 4.1 and 47 C.F.R. § 76.936(b).


Douglas M. Duncan
County Executive

6/3/05
Date

APPROVED AS TO FORM AND LEGALITY
OFFICE OF THE COUNTY ATTORNEY
By: 
DATE: 6/3/05

ATTACHMENT 1: REPORT OF ASHPAUGH & SCULCO, CPAs, PLC

ATTACHMENT 2: LETTER FROM GARTH T. ASHPAUGH TO FREDERICK E. ELLROD
III, DATED MARCH 28, 2005

ATTACHMENT 3: RATE AGREEMENT



ASHPAUGH & SCULCO, CPAs, PLC

Certified Public Accountants and Consultants

March 9, 2005

AS1011-12

Frederick E. Ellrod III, Esquire
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Washington, DC 20036-4306

**SUBJECT: Review of the FCC Form 1240 of Comcast of Maryland, Inc. Filed with
Montgomery County, Maryland on April 1, 2004**

Dear Mr. Ellrod:

Ashpaugh & Sculco, CPAs, PLC ("A&S") were requested to assist Montgomery County ("County") with the review of the FCC Form 1240 filed by Comcast of Maryland, Inc. ("Comcast") on April 1, 2004. The County submitted its initial request for information to Comcast April 15, 2004. Comcast provided a partial response May 6, 2004, and provided additional information in response to the initial request and subsequent requests during the period of June through September. A&S reviewed and analyzed Comcast's supporting data and its responses and then recalculated Comcast's FCC Form 1240. This report discusses our findings and our recommended changes based on the issues we have identified in the Comcast filed FCC Form and supporting information. Attached to this letter report are;

- Appendix A - identifies the Basic Service Tier rate determined and recommended by A&S from our review of the filing;
- Appendix B - comparison of the recommended Basic Service Tier rate with the rate proposed by Comcast and the rate in effect at the time of the filing;
- Appendix C - A&S's recalculation of Comcast's FCC Form 1240;
- Appendix D - A&S's determination of programming costs and number of subscribers;
- Appendix E - A&S's determination of franchise-related costs;
- Appendix F - A&S's determination of interest on franchise-related costs;
- Appendix G - Copy of the FCC Inflation Updates as of January 16, 2005; and,
- Appendix H - Copy of the FCC regulatory fee amounts for 2002, 2003 and 2004.

SUMMARY

Our review of Comcast's filed FCC Form 1240 identified several areas of concern. We recalculated the number of subscribers in the true-up period. We also recalculated the programming cost of Comcast for the true-up period and the projected period based on information provided in support of the programming rates and on the revised number of

subscribers and reflected these amounts in Worksheet 7. Included in our recalculation of programming costs are reductions for launch fees received by Comcast. We refreshed the inflation rates in Worksheet 1 and in Module C of the 1240. These changes, which will be discussed in detail below, impact the Maximum Permitted Rate ("MPR"), Line 19 of the 1240. Our changes reduce the MPR of Comcast's amended 1240 from the filed amount of \$16.3213 to \$15.5291¹. Including the 5.0% franchise fee, A&S's maximum rate for the Basic Service Tier is \$16.35.

FCC FORM 1240

The first step in our review was to input the FCC Form filed by Comcast with the County into the FCC spreadsheet model to generate copies of the FCC's form. With these spreadsheet packages, we were able to duplicate Comcast's filing and the resulting rate. We verified that the rate and other components of the previous 1240 approved by the County were carried over to this filing.

INFLATION FACTOR

Since we were making other changes to the 1240, we were required under the FCC's rules to refresh and correct the inflation factors for January and February 2004 in Worksheet 1. Comcast's calculation showed 1.50% for each of these months. After Comcast's filing, the FCC published rates of 2.84% for January and February. [See Appendix G to this letter report.] Reflecting these amounts increases the Average Inflation Factor for the True-Up Period 1, Line C3 of the 1240, from 1.0149 to 1.0171. Additionally, we refreshed the inflation rate on Line C5 of the 1240 from 1.0150 to the current published rate of 1.0143 to reflect the latest published rate. The FCC's rules state:

Line C5 Current FCC Inflation Factor. Enter the factor which will be used to calculate the inflation segment for the Projected Period. Multiply Line C2 by the quarterly inflation factor most recently released by the Commission. The quarterly inflation factor should be in the form of "1" plus the inflation figure. So, if the figure announced by the Commission is 3%, perform the multiplication with "1.03".
(Emphasis added)

Since we were making other changes and corrections to the 1240, we updated this factor to the FCC's most recently published factor. [See Appendix G to this letter report.]

NUMBER OF SUBSCRIBERS

Our review requested detailed support for the number of subscribers. Page 3 of Appendix D is our analysis of the support provided by Comcast. Only summary information is provided

¹ The MPR as determined by A&S includes the pass-through of the FCC Regulatory Fee (annual amounts of \$.53 per subscriber for 2002, \$.66 per subscriber for 2003 and \$.70 per subscriber for 2004 as shown in the FCC information included as Appendix E). Comcast has excluded this fee from its 1240. The MPR also includes \$1.4734 of franchise-related costs, as shown on Line 11 of our 1240, Appendix C (\$1.55 including franchise fees). Comcast incorrectly identifies and itemizes an amount of \$1.25 on the subscribers bill.

since Comcast has requested that the rates and numbers of subscribers be treated as confidential. In addition, Comcast provided support for the number of "Bulk" subscribers that was also included in this analysis. All subscribers receive the same programming and benefits of the franchise as all other subscribers, but some do not pay the monthly fee for a multitude of reasons. For example, some of the free subscribers are employees and some are given free service for marketing reasons. If they were not included in the count, all other subscribers would be required to subsidize Comcast's decision to provide free service. We do not believe this is appropriate and have included employee subscribers and commercial subscribers receiving free service in the count.

Making the above changes to the subscriber count increases the number for the true-up period from 216,390 to 220,060 as shown on Line A1 of the 1240 (Appendix C). This has the effect of reducing the MPR.

CHANNEL MOVEMENT

The channel movement issue is not a simple matter, given the complexity of the FCC's pronouncements on this score. However, properly applying the FCC's rules to the set of channel moves executed by Comcast during the period under review results in the rates as set forth in our recalculated 1240.

Comcast has reflected channel changes in its filing. In March 2004, Comcast moved 4 channels from the Basic Service Tier ("BST") to a higher tier of service and added a new channel to the BST. The new channel, WGN, was not being carried by Comcast's Montgomery County cable television system. Comcast properly reflected this as a channel addition in Worksheet 3, but then did not allow Worksheet 3 to calculate the \$.01 adjustment for the addition. Instead, Comcast offset the increase against the number of channels deleted on Worksheet 5, thus reducing the effect of the deletions. Comcast's methodology has the impact of not removing an additional \$.4161 from the BST rate.

The most recent statement of the FCC's rule on this subject indicates that "[f]or rate adjustments filed with franchising authorities after [Aug. 14, 2002],"² addition of channels should be handled pursuant to the channel adjustment factor listed in the table in 47 C.F.R. § 76.922(g)(2).² Thus, A&S used that factor for the channel *added* to basic in Worksheet 3. The movement of four channels from BST to the Expanded tier represents a *deletion* of four channels from basic (and their addition to Expanded, which is an unregulated tier). The most recent text of the FCC's rule, which does not specifically describe the treatment of channel *movement* from BST to the Expanded tier, specifies the use of § 76.922(g)(4) for deletions (removing from the basic rate a pro rata share of the basic tier's "residual" for the deleted channels). Thus, A&S used that method for Comcast's deletions.³

² *In re Revisions to Cable Television Rate Regulations*, MB Docket No. 02-144 (*et al.*), Order, FCC 02-228, 17 FCC Red. 15974 at ¶ 2 (Aug. 14, 2002) ("Amending Order"), revising ¶ 55 of the Commission's June 19, 2002, Notice of Proposed Rulemaking and Order in the same proceedings ("NPRM&O"), at sentence 4.

³ Amending Order, revised ¶ 55 at sentence 5. The amended version of ¶ 55 also appears to suggest that movements from the basic tier would under some circumstances be computed "consistent with section 76.922(g)(5)". See Amending Order, revised ¶ 55 at sentence 10. The pre-amendment version of ¶ 55 also specified the (g)(5) method for movements. Since the (g)(5) method works the same way as the (g)(4) method for deletions, these statements

Comcast seeks to avoid this result by offsetting the channel addition and deletions. Comcast's attempt to re-characterize its channel movements is not consistent with the FCC's rules. Prior to the Commission's revision of the channel movement rules, the channel movement rule dealt with four types of adjustments for channel changes: (1) additions, (2) deletions, (3) movements between regulated tiers, and (4) substitutions of channels within a tier. The interim rules the FCC sets forth in paragraph 55 of the NPRM&O eliminated reference to the movement of channels between tiers, apparently because of the fact that the CPST was no longer regulated. Addition and deletion (or a "move") occurs when a channel is deleted from the BST *and* added to the CPST, or vice versa. When channels are moved between tiers, the residual issue must be taken into account. Thus, this analysis applies the rules as stated in the FCC's Amending Order and § 76.922(g).

In its 2003 1240 filing, Comcast had an error in Worksheet 5 of its 1240. The beginning amount shown on Line 501, Column 4 should have been negative \$0.3994. Comcast, however, showed a positive amount. This has been corrected by Comcast in the 2004 1240 filing.

PROGRAMMING EXPENSE

Pages 1 and 2 of Appendix D show our determination of programming expenses for the True-Up Period and the Projected Period.⁴ In response to the information request, Comcast provided supporting detail for programming costs for the True-Up Period. Our analysis shows Comcast over-stated programming costs for the True-Up Period. While this report does not discuss specific details of our differences due to Comcast's request for confidentiality, in general the differences relate to (1) claims of per subscriber cost when the cost was a lump amount, (2) not including discounts and credits in the per subscriber rates, (3) using the wrong rates and (4) the count of the number of subscribers in determining the amount of programming costs.

In addition, Comcast, by letter of July 7, 2004, revealed that it had received launch fees for a channel on the BST in 2001. The letter revealed that Comcast has been amortizing this amount as an offset of programming expenses, but Comcast has not offset the amount against programming costs claimed in the 1240s for those periods. The channel in question was moved off the BST in March 2004. Our analysis of programming costs for this 1240 corrects that error. A supporting analysis for this calculation has not been included with this report, since Comcast claims the programming cost information to be confidential. In essence, our calculation takes the total of the amounts from each of the months shown in Comcast's support for the periods the channel was on the BST plus the 7.5% markup in Worksheet 7

would be consistent with the approach taken by the County, even if the channel change were treated as a "movement" rather than a "deletion."

⁴ Comcast has requested that the specific cost information related to each channel and to launch fees be treated as confidential. For this reason, only the total cost is shown in our supporting documents. (See Page 1, Line 12 of Appendix D.) Should Comcast challenge our calculations and it become necessary to provide this detail, we will provide a confidential version of this Appendix.

plus 11.25% interest compounded annually and reduces programming expense for the True-up Period by the total.⁵

Correcting these items reduces the programming costs in Worksheet 7 for the True-Up Period and for the Projected Period.

FCC REGULATORY FEE

Comcast has not included the amount passed through to subscribers for the FCC Regulatory Fee ("FRF") in Worksheet 7. This amount should have been shown on Line 708. It is necessary to include the amount in this fashion, as an annual amount in the 1240, since it is not easily quantified on a monthly basis. For example, the FRF paid by Comcast in 2002 was \$.53 per subscriber. This is an annual amount. To collect this amount from subscribers on a monthly basis, Comcast would need to charge \$.04 for 7 months and \$.05 for 5 months. The 2003 amount was \$.66 per subscriber requiring a collection of \$.05 for 6 months and \$.06 for 6 months. The 2004 amount was \$.70 requiring a collection of \$.05 for 2 months and \$.06 for 10 months. Our recalculation of the 1240 has corrected this and included the FRF in Worksheet 7. Thus, the MPR developed from our 1240 includes the FRF.

FRANCHISE-RELATED COSTS

Franchise-related costs ("FRC") are identified in the Form 1240 at Line 707 of Worksheet 7, Projected Period. These amounts are supported by Appendices E and F. Consistent with the agreement in 1999 with the then current operator, Prime Communications, we have included carrying costs (interest) at 7.0% per year on the amortizable amounts. While we have included the interest in Line 707 for the Projected Period, we have input the interest for the True-Up Period on Line H12 to prevent the compounding of additional interest in the Form 1240 at 11.25%. Contrary to the County's agreement with the prior operator, Comcast has included interest for the True-up Period in Line 707 of that Worksheet 7. Our analysis supports the amounts shown in our 1240 and reconciles to the support provided by Comcast. However, the amounts in Comcast's filed 1240 do not agree with the support provided by Comcast. We cannot explain the differences.

To calculate the amount of FRC per subscriber per month included in the MPR, one would need to take the amount on Line 707 for the Projected Period divided by the projected number of subscribers (shown on Line B3 of the 1240) divided by 12. This calculation determines a monthly per subscriber cost of \$1.4734 shown on Line I11 of our 1240. If Comcast itemizes FRC on subscriber's bills, this is the amount that should be shown.

CONCLUSION

As indicated above, the resulting MPR from our changes is \$15,529.1, which rounds to \$15.53. This MPR includes the amount for franchise-related costs and the pass through of

⁵ Comcast has claimed this information be treated as confidential so the supporting analysis has not been provided. If Comcast should challenge our determination, a confidential version of this support will be provided showing our calculations.

Frederick E. Ellrod III, Esquire
March 9, 2005
Page 6 of 6

the FCC Regulatory Fee. We recommend the County: (i) reject the filing of Comcast, (ii) adopt A&S's 1240, which is attached as Appendix C to this letter report; and (iii) approve the MPR of \$15.5291 as recalculated by A&S. In the order, the County should state that if any information should become known in the future which would impact these rates, the County may revisit this decision. The County should further state that (1) this amount includes the FCC Regulatory Fee and (2) this is the maximum rate allowed for the Basic Service Tier under the FCC's rules. If you have any questions or require any further information, please let me know.

Very truly yours,

ASHPAUGH & SCULCO, CPAs, PLC

A handwritten signature in black ink, appearing to read "Garth T. Ashpangh", with a long horizontal flourish extending to the right.

Garth T. Ashpangh, CPA
President and Member

Cc: Jane Lawton, Cable Communications Administrator, Montgomery County, Maryland

Enclosure

2004 1240 Report

APPENDIX A

MONTGOMERY COUNTY, MARYLAND
COMCAST OF MARYLAND, INC.
REVIEW OF 2003 FCC FORMS 1240 & 1205
RECOMMENDED RATES

Line No.	Type of Service	Rates Recommended For Approval	Franchise Fees	Recommended Rates Including Franchise Fees of 5.00%
1	<u>Monthly Rate</u> Maximum Permitted Rate - Basic Tier [A]	\$15.53	\$0.82	\$16.35

[A] The rate shown includes franchise-related costs of \$1.47 per subscriber excluding franchise fees (\$1.55 including franchise fees). Comcast identifies and itemizes an amount of \$1.25 for this on the subscriber's bill

APPENDIX B

MONTGOMERY COUNTY, MARYLAND

COMCAST CABLEVISION OF POTOMAC, LLC

REVIEW OF 2003 FCC FORMS 1240 & 1205

COMPARISON OF CURRENT RATES, COMCAST FILED RATES, COMCAST REVISED RATES & PROPOSED RATES

APPENDIX B

Date Prepared: March 9, 2003

Line No.	Type of Service	Rates Excluding Franchise Fees					Rates Including Franchise Fees of 5%				
		Current Rates	Comcast Rates Filed 4/1/04	A&S Proposed Rates	Difference A&S & Current Rates [c-a]	Difference A&S & Filed Rates [c-b]	Current Rates	Comcast Rates Filed 4/1/04	A&S Proposed Rates	Difference A&S & Current Rates [h-f]	Difference A&S & Filed Rates [h-g]
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
1	<u>Monthly Rate</u>										
	Basic Tier [A]	\$16.00	\$16.32	\$15.53	(\$0.47)	(\$0.79)	\$16.84	\$17.18	\$16.34	(\$0.50)	(\$0.83)
	Percentage Change				-2.94%	-4.85%				-2.94%	-4.85%

[A] The rates shown for Comcast (Current rates and Filed) do not include the FCC Regulatory Fee. Including the Fee adds \$.06 to columns (a) and (b) and \$.07 to Columns (f) and (g) and would make the corresponding changes to the differences calculated. The amounts in columns (c) and (h) include the FCC Regulatory Fee.

APPENDIX C

FCC FORM 1240 DRAFT

UPDATING MAXIMUM PERMITTED RATES FOR REGULATED CABLE SERVICES

Cable Operator:

Name of Cable Operator		
COMCAST CABLE OF MARYLAND, INC.		
Mailing Address of Cable Operator		
20 WEST GUDE		
City	State	ZIP Code
ROCKVILLE	MD	20850

Does this filing involve a single franchise authority and a single community unit?

YES	NO
	X

If yes, complete the franchise authority information below
and enter the associated CUID number here:

--

Does this filing involve a single franchise authority but multiple community units?

YES	NO
X	

If yes, enter the associated CUIDs below and complete the franchise authority information at the bottom of this page:

--

Does this filing involve multiple franchise authorities?

If yes, attach a separate sheet for each franchise authority and include the following franchise authority information with
its associated CUID(s):

Franchise Authority Information:

Name of Local Franchising Authority		
MONTGOMERY COUNTY CABLE OFFICE		
Mailing Address of Local Franchising Authority		
100 MARYLAND AVENUE, 3RD FLOOR		
City	State	ZIP Code
ROCKVILLE	MD	20850
Telephone number	Fax Number	
(240) 777-3636	(240) 777-3770	

For what purpose is this Form 1240 being filed? Please put an "X" in the appropriate box.

- Original Form 1240 for Basic Tier
- Amended Form 1240 for Basic Tier
- Original Form 1240 for CPS Tier
- Amended Form 1240 for CPS Tier

X

Indicate the one year time period for which you are setting rates (the Projected Period).

TO	
07/01/04	06/30/05

 (mm/yy)

Indicate the time period for which you are performing a true-up.

TO	
03/01/03	02/28/04

 (mm/yy)

Status of Previous Filing of FCC Form 1240 (enter an "x" in the appropriate box)

Is this the first FCC Form 1240 filed in any jurisdiction?

Has an FCC Form 1240 been filed previously with the FCC?

YES	NO
X	

If yes, enter the date of the most recent filing: 11/20/98 (mm/dd/yy)

Has an FCC Form 1240 been filed previously with the Franchising Authority?

If yes, enter the date of the most recent filing: 04/01/02 (mm/dd/yy)

8. Status of Previous Filing of FCC Form 1210 (enter an "x" in the appropriate box)

a. Has an FCC Form 1210 been previously filed with the FCC?

YES	NO
X	

If yes, enter the date of the most recent filing: 10/02/95 (mm/dd/yy)

b. Has an FCC Form 1210 been previously filed with the Franchising Authority?

YES	NO
X	

If yes, enter the date of the most recent filing: 10/02/95 (mm/dd/yy)

9. Status of FCC Form 1200 Filing (enter an "x" in the appropriate box)

a. Has an FCC Form 1200 been previously filed with the FCC?

YES	NO
X	

If yes, enter the date filed: 09/06/94 (mm/dd/yy)

b. Has an FCC Form 1200 been previously filed with the Franchising Authority?

YES	NO
X	

If yes, enter the date filed: 09/06/94 (mm/dd/yy)

10. Cable Programming Services Complaint Status (enter an "x" in the appropriate box)

a. Is this form being filed in response to an FCC Form 329 complaint?

YES	NO
	X

If yes, enter the date of the complaint: (mm/dd/yy)

11. Is FCC Form 1205 Being Included With This Filing

YES	NO
X	

12. Selection of "Going Forward" Channel Addition Methodology (enter an "x" in the appropriate box)

☐ Check here if you are using the original rules [MARKUP METHOD]

☒ Check here if you are using the new, alternative rules [CAPS METHOD].

If using the CAPS METHOD, have you elected to revise recovery for channels added during the period May 15, 1994 to Dec. 31, 1994?

YES	NO
	X

13. Headend Upgrade Methodology

*NOTE: Operators must certify to the Commission their eligibility to use this upgrade methodology and attach an equipment list and depreciation schedule

☐ Check here if you are a qualifying small system using the streamlined headend upgrade methodology

Part I: Preliminary Information

Module A: Maximum Permitted Rate From Previous Filing

Line	Line Description	a Basic	b Tier 2	c Tier 3	d Tier 4	e Tier 5
A1	Current Maximum Permitted Rate	\$19,0137				

Module B: Subscribership

Line	Line Description	a Basic	b Tier 2	c Tier 3	d Tier 4	e Tier 5
B1	Average Subscribership For True-Up Period 1	220,060				
B2	Average Subscribership For True-Up Period 2					
B3	Estimated Average Subscribership For Projected Period	219,292				

Module C: Inflation Information

Line	Line Description		
C1	Unclaimed Inflation: Operator Switching From 1210 To 1240		1.0000
C2	Unclaimed Inflation: Unregulated Operator Responding to Rate Complaint		1.0000
C3	Inflation Factor For True-Up Period 1 [Wks 1]		1.0171
C4	Inflation Factor For True-Up Period 2 [Wks 1]		
C5	Current FCC Inflation Factor		1.0143

Module D: Calculating the Base Rate

Line	Line Description	a Basic	b Tier 2	c Tier 3	d Tier 4	e Tier 5
1	Current Headend Upgrade Segment					
2	Current External Costs Segment	\$3.2006				
3	Current Caps Method Segment					
4	Current Markup Method Segment	\$0.0700				
5	Current Channel Movement and Deletion Segment	(\$0.3994)				
6	Current True-Up Segment	\$1.2095				
7	Current Inflation Segment	\$0.1446				
8	Base Rate [A1-D1-D2-D3-D4-D5-D6-D7]	\$14.7684				

**Part II: True-Up Period
Module E: Timing Information**

Line	Line Description		
1	What Type of True-Up Is Being Performed? (Answer "1", "2", or "3". See instructions for a description of these types.) If "1", go to Module L. If "2", answer E2 and E3. If "3", answer E2, E3, E4, and E5.		2
2	Number of Months in the True-Up Period 1		12
3	Number of Months between the end of True-Up Period 1 and the end of the most recent Projected Period		4
4	Number of Months in True-Up Period 2 Eligible for Interest		0
5	Number of Months True-Up Period 2 Ineligible for Interest		0

Module F: Maximum Permitted Rate For True-Up Period 1

Line	Line Description	a Basic	b Tier 2	c Tier 3	d Tier 4	e Tier 5
F1	Caps Method Segment For True-Up Period 1 [Wks 2]					
F2	Markup Method Segment For True-Up Period 1 [Wks 3]	\$0.0700				
F3	Chan Mvment Deletn Segment For True-Up Period 1 [Wks 4/5]	(\$0.3994)				
F4	True-Up Period 1 Rate Eligible For Inflation [D8+F1+F2+F3]	\$14.459				
F5	Inflation Segment for True-Up Period 1 [(F4-C3)-F4]	\$0.2476				
F6	Headend Upgrade Segment For True-Up Period 1 [Wks 6]					
F7	External Costs Segment For True-Up Period 1 [Wks 7]	\$2.7497				
F8	True-Up Segment For True-Up Period 1	\$1.1975				
F9	Max Perm Rate for True-Up Period 1 [F4+F5+F6+F7+F8]	\$18.6538				

Module G: Maximum Permitted Rate For True-Up Period 2

Line	Line Description	a Basic	b Tier 2	c Tier 3	d Tier 4	e Tier 5
G1	Caps Method Segment For True-Up Period 2 [Wks 2]					
G2	Markup Method Segment For True-Up Period 2 [Wks 3]					
G3	Chan Mvment Deletn Segment For True-Up Period 2 [Wks 4/5]					
G4	TU Period 2 Rate Eligible For Inflation [D8+F5+G1+G2+G3]					
G5	Inflation Segment for True-Up Period 2 [(G4-C4)-G4]					
G6	Headend Upgrade Segment For True-Up Period 2 [Wks 6]					
G7	External Costs Segment For True-Up Period 2 [Wks 7]					
G8	True-Up Segment For True-Up Period 2					
G9	Max Perm Rate for True-Up Period 2 [G4+G5+G6+G7+G8]					

Module H: True-Up Adjustment Calculation

Line	Line Description	a Basic	b Tier 2	c Tier 3	d Tier 4	e Tier 5
Adjustment For True-Up Period 1						
H1	Revenue From Period 1	49,565,222.26				
H2	Revenue From Max Permitted Rate for Period 1	49,259,354.21				
H3	True-Up Period 1 Adjustment [H2-H1]	(\$305,868.05)				
H4	Interest on Period 1 Adjustment	(\$29,320.52)				
Adjustment For True-Up Period 2						
H5	Revenue From Period 2 Eligible for Interest					
H6	Revenue From Max Perm Rate for Period 2 Eligible For Interest					
H7	Period 2 Adjustment Eligible For Interest [H6-H5]					
H8	Interest on Period 2 Adjustment (See instructions for formula)					
H9	Revenue From Period 2 Ineligible for Interest					
H10	Revenue From Max Perm Rate for Period 2 Ineligible for Interest					
H11	Period 2 Adjustment Ineligible For Interest [H10-H9]					
Total True-Up Adjustment						
H12	Previous Remaining True-Up Adjustment / TRUE-UP INTEREST ON FRANCHISE-RELATED COSTS	\$292,981.12				
H13	Total True-Up Adjustment [H3+H4+H7+H8+H11+H12]	(\$42,207.25)				
H14	Amount of True-Up Claimed For This Projected Period	(\$42,207.25)				
H15	Remaining True-Up Adjustment [H13-H14]	\$0.00				

Part III: Projected Period Module I: New Maximum Permitted Rate

Line	Line Description	a Basic	b Tier 2	c Tier 3	d Tier 4	e Tier 5
I1	Caps Method Segment For Projected Period [Wks 2]					
I2	Markup Method Segment For Projected Period [Wks 3]	\$0.0800				
I3	Chan Method Deletn Segment For Projected Period [Wks 4/5]	(\$2,063.9)				
I4	Proj. Period Rate Eligible For Inflation [I2+I3+I5+I6+I7+I8]	\$13.0521				
I5	Inflation Segment for Projected Period [(I4*CS)-I4]	\$0.1856				
I6	Headend Upgrade Segment For Projected Period [Wks 6]					
I7	External Costs Segment For Projected Period [Wks 7]	\$2,3064				
I8	True-Up Segment For Projected Period	(\$0.0160)				
I9	Max Permitted Rate for Projected Period [I4+I5+I6+I7+I8]	\$15.5291	\$16.3213	(\$0.7922)		
I10	Operator Selected Rate For Projected Period	\$16.3200				
I11	Franchise-related Costs Included in MPR (Line 19)	\$1.4734				
I12	MPR excluding Franchise-related Costs [I9 - I11]	\$14.0557				

Note: The maximum permitted rate figures do not take into account any refund liability you may have. If you have previously been ordered by the Commission on your local franchising authority to make refunds you are not relieved of your obligation to make such refunds even if the permitted rate is higher than the contested rate or your current rate.

Certification Statement

WILLFUL FALSE STATEMENTS MADE ON THIS FORM ARE PUNISHABLE BY FINE AND/OR IMPRISONMENT (U.S. CODE TITLE 18, SECTION 1001), AND/OR FORFEITURE (U.S. CODE, TITLE 47, SECTION 503)

I certify that the statements made in this form are true and correct to the best of my knowledge and belief, and are made in good faith.

Signature	Date
Filing Signed by Craig A. Schmid	3/31/2004
Name and Title of Person Completing this Form: Craig A. Schmid, Senior Director of Regulatory Affairs for the Atlantic Division	
Telephone number	Fax Number
(410) 931-4600	(410) 931-6750

Worksheet 1 - True-Up Period Inflation

For instructions, see Appendix A of Instructions For FCC Form 1240

Line	Period	FCC Inflation Factor
101	Month 1	2.39%
102	Month 2	1.00%
103	Month 3	1.00%
104	Month 4	1.00%
105	Month 5	1.66%
106	Month 6	1.66%
107	Month 7	1.66%
108	Month 8	1.50%
109	Month 9	1.50%
110	Month 10	1.50%
111	Month 11	2.84%
112	Month 12	2.84%
113	Average Inflation Factor for True-Up Period 1	1.0171
114	Month 13	
115	Month 14	
116	Month 15	
117	Month 16	
118	Month 17	
119	Month 18	
120	Month 19	
121	Month 20	
122	Month 21	
123	Month 22	
124	Month 23	
125	Month 24	
126	Average Inflation Factor for True-Up Period 2	

Mar-03
Apr-03
May-03
Jun-03
Jul-03
Aug-03
Sep-03
Oct-03
Nov-03
Dec-03
Jan-04
Feb-04

Worksheet 2 - Caps Method True-Up Period, Basic Tier

For instructions, see Appendix A of Instructions For FCC Form 1240

True-Up Period	Projected Period
X	

Question 1 Indicate the period for which this worksheet is being used (Put an "X" in the appropriate box)

Question 2 Indicate the tier for which this worksheet is being used. (Put an "X" in the appropriate box)

Basic	Tier 2	Tier 3	Tier 4	Tier 5
X				

Question 3 How long is the first period, in months, for which rates are being set with this worksheet?

Question 4 How long is the second period, in months, for which rates are being set with this worksheet?

Line	Period	1 Previous Regulated Channels	2 Current Regulated Channels	3 Net Change	4 Operators Cap For Channels Added	5 Operator's Cap For License Fees	6 License Fee Reserve Used	7 Total License Fee Reserve Used	8 Total Operators Cap Used	9 Total Caps Adjustment
201	Previous Month									
202	Month 1									
203	Month 2									
204	Month 3									
205	Month 4									
206	Month 5									
207	Month 6									
208	Month 7									
209	Month 8									
210	Month 9									
211	Month 10									
212	Month 11									
213	Month 12									
214	Average Period 1 Caps Method Adjustment									
215	Month 13									
216	Month 14									
217	Month 15									
218	Month 16									
219	Month 17									
220	Month 18									
221	Month 19									
222	Month 20									
223	Month 21									
224	Month 22									
225	Month 23									
226	Month 24									
227	Average Period 2 Caps Method Adjustment									

Worksheet 2 - Caps Method Projected Period, Basic Tier

For instructions, see Appendix A of Instructions For FCC Form 1240

True-Up Period	Projected Period
	X

Question 1 Indicate the period for which this worksheet is being used. (Put an "X" in the appropriate box)

Question 2. Indicate the tier for which this worksheet is being used (Put an "X" in the appropriate box)

Basic	Tier 2	Tier 3	Tier 4	Tier 5
X				

Question 3 How long is the first period, in months, for which rates are being set with this worksheet?

Question 4 How long is the second period, in months, for which rates are being set with this worksheet?

Line	Period	1	2	3	4	5	6	7	8	9
		Previous Regulated Channels	Current Regulated Channels	Net Change	Operators Cap For Channels Added	Operator's Cap For License Fees	License Fee Reserve Used	Total License Fee Reserve Used	Total Operators Cap Used	Total Caps Adjustment
201	Previous Month							\$0.00	\$0.00	\$0.00
202	Month 1									
203	Month 2									
204	Month 3									
205	Month 4									
206	Month 5									
207	Month 6									
208	Month 7									
209	Month 8									
210	Month 9									
211	Month 10									
212	Month 11									
213	Month 12									
214	Average Period 1 Caps Method Adjustment									

Worksheet 3 - Markup Method True-Up Period, Basic Tier

For instructions, see Appendix A of Instructions For FCC Form 1240

True-Up Period	Projected Period
X	

Question 1 Indicate the period for which this worksheet is being used (Put an "X" in the appropriate box)

Question 2 Indicate the tier for which this worksheet is being used (Put an "X" in the appropriate box)

Basic	Tier 2	Tier 3	Tier 4	Tier 5
X				

Question 3 How long is the first period, in months, for which rates are being set with this worksheet?

12

Question 4 How long is the second period, in months, for which rates are being set with this worksheet?

0

Line	Period	1 Sum of Previous Regulated Channels	2 Sum of Current Regulated Channel	3 Average Channels	4 Per Channel Adjustment	5 Channels Added	6 Total Adjustment	7 Cumulative Adjustment
301	Previous Month							0.0700
302	Month 1	38	38	38.0	\$0.01	0	\$0.00	0.0700
303	Month 2	38	38	38.0	\$0.01	0	\$0.00	0.0700
304	Month 3	38	38	38.0	\$0.01	0	\$0.00	0.0700
305	Month 4	38	38	38.0	\$0.01	0	\$0.00	0.0700
306	Month 5	38	38	38.0	\$0.01	0	\$0.00	0.0700
307	Month 6	38	38	38.0	\$0.01	0	\$0.00	0.0700
308	Month 7	38	38	38.0	\$0.01	0	\$0.00	0.0700
309	Month 8	38	38	38.0	\$0.01	0	\$0.00	0.0700
310	Month 9	38	38	38.0	\$0.01	0	\$0.00	0.0700
311	Month 10	38	38	38.0	\$0.01	0	\$0.00	0.0700
312	Month 11	38	38	38.0	\$0.01	0	\$0.00	0.0700
313	Month 12	38	38	38.0	\$0.01	0	\$0.00	0.0700
314	Average Period 1 Markup Method Adjustment							0.0700
315	Month 13							
316	Month 14							
317	Month 15							
318	Month 16							
319	Month 17							
320	Month 18							
321	Month 19							
322	Month 20							
323	Month 21							
324	Month 22							
325	Month 23							
326	Month 24							
327	Average Period 2 Caps Method Adjustment							

Worksheet 3 - Markup Method Projected Period, Basic Tier

on instructions, see Appendix A of Instructions For FCC Form 1240

True-Up Period	Projected Period
	X

Question 1 Indicate the period for which this worksheet is being used (Put an "X" in the appropriate box)

Question 2 Indicate the tier for which this worksheet is being used (Put an "X" in the appropriate box)

Basic	Tier 2	Tier 3	Tier 4	Tier 5
X				

Question 3 How long is the first period, in months, for which rates are being set with this worksheet?

12
0

Question 4 How long is the second period, in months, for which rates are being set with this worksheet?

Line	Period	1 Sum of Previous Regulated Channels	2 Sum of Current Regulated Channel	3 Average Channels	4 Per Channel Adjustment	5 Channels Added	6 Total Adjustment	7 Cumulative Adjustment
101	Previous Month							\$0.07
102	Month 1	38	35	36.5	\$0.01	1	\$0.01	\$0.08
103	Month 2	35	35	35.0	\$0.01	0	\$0.00	\$0.08
104	Month 3	35	35	35.0	\$0.01	0	\$0.00	\$0.08
105	Month 4	35	35	35.0	\$0.01	0	\$0.00	\$0.08
106	Month 5	35	35	35.0	\$0.01	0	\$0.00	\$0.08
107	Month 6	35	35	35.0	\$0.01	0	\$0.00	\$0.08
108	Month 7	35	35	35.0	\$0.01	0	\$0.00	\$0.08
109	Month 8	35	35	35.0	\$0.01	0	\$0.00	\$0.08
110	Month 9	35	35	35.0	\$0.01	0	\$0.00	\$0.08
111	Month 10	35	35	35.0	\$0.01	0	\$0.00	\$0.08
112	Month 11	35	35	35.0	\$0.01	0	\$0.00	\$0.08
113	Month 12	35	35	35.0	\$0.01	0	\$0.00	\$0.08
114	Average Period 1 Markup Method Adjustment							\$0.0800

TABLE A.

NON-EXTERNAL COST ADJUSTMENT FOR
CHANGES IN CHANNELS

Average Channels From: To:		Adjustment per channel
7	7	\$0.52
7.5	7.5	\$0.45
8	8	\$0.40
8.5	8.5	\$0.36
9	9	\$0.33
9.5	9.5	\$0.29
10	10	\$0.27
10.5	10.5	\$0.24
11	11	\$0.22
11.5	11.5	\$0.20
12	12	\$0.19
12.5	12.5	\$0.17
13	13	\$0.16
13.5	13.5	\$0.15
14	14	\$0.14
14.5	14.5	\$0.13
15	15.5	\$0.12
16	16	\$0.11
16.5	17	\$0.10
17.5	18	\$0.09
18.5	19	\$0.08
19.5	21.5	\$0.07
22	23.5	\$0.06
24	26	\$0.05
26.5	29.5	\$0.04
30	35.5	\$0.03
36	46	\$0.02
46.5	99	\$0.01

Worksheet 4 - Residual True-Up Period

For instructions, see Appendix A of Instructions For FCC Form 1240

Question 1 Indicate the period for which this worksheet is being used (Put an "X" in the appropriate box)

True-Up Period	Projected Period
X	

Line	Line Description	a Basic	b Tier 2	c Tier 3	d Tier 4	e Tier 5
Period One						
401	Average Permitted Charge	\$18.7696				
402	Average External Costs	\$2.7497				
403	Average Total Per Channel Adjustments after 5/14/94 for Channels Added Using Caps Method					
404	Average Tier Residual [401-402-403]	\$16.0199				
405	Average Channels per Regulated Tier	38.0000				
406	Average Caps Method Channels per Tier	0.0000				
407	Average Remaining Channels [405-406]	38.0000				
408	Average Period 1 Per Channel Residual [404/407]	\$0.4216				

Period Two

409	Average Permitted Charge					
410	Average External Costs					
411	Average Total Per Channel Adjustments after 5/14/94 for Channels Added Using Caps Method					
412	Average Tier Residual [409-410-411]					
413	Average Channels per Regulated Tier					
414	Average Caps Method Channels per Tier					
415	Average Remaining Channels [413-414]					
416	Average Period 2 Per Channel Residual [412/415]					

Worksheet 4 - Residual Projected Period

Question 1 Indicate the period for which this worksheet is being used. (Put an "X" in the appropriate box)

True-Up Period	Projected Period
	X

Line	Line Description	a Basic	b Tier 2	c Tier 3	d Tier 4	e Tier 5
Period One						
401	Average Permitted Charge	\$19 0137				
402	Average External Costs	\$3 2006				
403	Average Total Per Channel Adjustments after 5/14/94 for Channels Added Using Caps Method					
404	Average Tier Residual [401-402-403]	\$15 8131				
405	Average Channels per Regulated Tier	38 0000				
406	Average Caps Method Channels per Tier	0 0000				
407	Average Remaining Channels [405-406]	38 0000				
408	Average Period 1 Per Channel Residual [404/407]	\$0 4161				

Worksheet 5 - Channel Movement and Deletion True-Up Period, Basic Tier

For instructions, see Appendix A of Instructions For FCC Form 1240

Question 1 Indicate the period for which this worksheet is being used (Put an "X" in the appropriate box.)

True-Up Period	Projected Period
X	

Question 2 Indicate the tier for which this worksheet is being used. (Put an "X" in the appropriate box.)

Basic	Tier 2	Tier 3	Tier 4	Tier 5
X				

Question 3 How long is the first period, in months, for which rates are being set with this worksheet?

12

Question 4 How long is the second period, in months, for which rates are being set with this worksheet?

Line	Period	1	2	3	4
		Residual of Channels Deleted From Tier	Residual of Channels Moved (added) to Tier	Net Per-Channel Cost Adjustment [Column 2 - Column 1]	Cumulative Net Per- Channel Cost Adjustment
501	Previous Period				(\$0.3994)
502	Month 1			\$0.0000	(\$0.3994)
503	Month 2			\$0.0000	(\$0.3994)
504	Month 3			\$0.0000	(\$0.3994)
505	Month 4			\$0.0000	(\$0.3994)
506	Month 5			\$0.0000	(\$0.3994)
507	Month 6			\$0.0000	(\$0.3994)
508	Month 7			\$0.0000	(\$0.3994)
509	Month 8			\$0.0000	(\$0.3994)
510	Month 9			\$0.0000	(\$0.3994)
511	Month 10			\$0.0000	(\$0.3994)
512	Month 11			\$0.0000	(\$0.3994)
513	Month 12			\$0.0000	(\$0.3994)
514	Average Period 1 Channel Movement and Deletion Adjustment				(\$0.3994)
515	Month 13				
516	Month 14				
517	Month 15				
518	Month 16				
519	Month 17				
520	Month 18				
521	Month 19				
522	Month 20				
523	Month 21				
524	Month 22				
525	Month 23				
526	Month 24				
527	Average Period 2 Channel Movement and Deletion Adjustment				

Worksheet 5 - Channel Movement and Deletion Projected Period, Basic Tier

For instructions, see Appendix A of Instructions For FCC Form 1240

Question 1. Indicate the period for which this worksheet is being used. (Put an "X" in the appropriate box.)

True-Up Period	Projected Period
	X

Question 2. Indicate the tier for which this worksheet is being used. (Put an "X" in the appropriate box.)

Basic	Tier 2	Tier 3	Tier 4	Tier 5
X				

Question 3. How long is the first period, in months, for which rates are being set with this worksheet?

12

Question 4. How long is the second period, in months, for which rates are being set with this worksheet?

0

Line	Period	1	2	3	4
		Residual of Channels Deleted From Tier	Residual of Channels Moved (added) to Tier	Net Per-Channel Cost Adjustment [Column 2 - Column 1]	Cumulative Net Per-Channel Cost Adjustment
501	Previous Period				(\$8.3994)
502	Month 1	\$1.6645		(\$1.6645)	(\$2.0639)
503	Month 2			\$0.0000	(\$2.0639)
504	Month 3			\$0.0000	(\$2.0639)
505	Month 4			\$0.0000	(\$2.0639)
506	Month 5			\$0.0000	(\$2.0639)
507	Month 6			\$0.0000	(\$2.0639)
508	Month 7			\$0.0000	(\$2.0639)
509	Month 8			\$0.0000	(\$2.0639)
510	Month 9			\$0.0000	(\$2.0639)
511	Month 10			\$0.0000	(\$2.0639)
512	Month 11			\$0.0000	(\$2.0639)
513	Month 12			\$0.0000	(\$2.0639)
514	Average Period 1 Channel Movement and Deletion Adjustment				(\$2.0639)

Worksheet 7 - External Costs True-Up Period

Instructions, see Appendix A of Instructions For FCC Form 1240

True-Up Period	Projected Period
X	
	12

- 1 For which time period are you filling out this worksheet? (Put an "X" in the appropriate box.)
- 2 How long is the first period, in months, for which rates are being set with this worksheet?
- 3 How long is the second period, in months, for which rates are being set with this worksheet?

Line Description	Basic	Tier 2	Tier 3	Tier 4	Tier 5
Period 1					
External Costs Eligible for Markup					
Cost of Programming For Channels Added Prior to 5/15/94 or After 5/15/94 Using Markup Method For Period	\$2,860,194.04				
Retransmission Consent Fees For Period					
Copyright Fees For Period	\$433,679.88				
External Costs Eligible For 7.5% Markup	\$3,293,873.92				
Marked Up External Costs	\$3,540,914.46				
External Costs Not Eligible for Markup					
Cable Specific Taxes For Period					
Franchise Related Costs For Period	\$3,584,474.29				
Commission Regulatory Fees For Period	\$135,717.92				
Total External Costs For Period	\$7,261,106.66				
Monthly, Per-Subscriber External Costs For Period 1	\$2 7497				
Period 2					
External Costs Eligible for Markup					
Cost of Programming For Channels Added Prior to 5/15/94 or After 5/15/94 Using Markup Method For Period					
Retransmission Consent Fees For Period					
Copyright Fees For Period					
External Costs Eligible For 7.5% Markup					
Marked Up External Costs					
External Costs Not Eligible for Markup					
Cable Specific Taxes For Period					
Franchise Related Costs For Period					
Commission Regulatory Fees For Period					
Total External Costs For Period					
Monthly, Per-Subscriber External Costs For Period 2					

Worksheet 7 - External Costs Projected Period

For instructions, see Appendix A of Instructions For FCC Form 1240

Question 1 For which time period are you filling out this worksheet? [Put an "X" in the appropriate box]

Question 2 How long is the first period, in months, for which rates are being set with this worksheet?

Question 3 How long is the second period, in months, for which rates are being set with this worksheet?

Intra-Up Period	Projected Period
	X
	12
	0

Line	Line Description	a Basic	b Tier 2	c Tier 3	d Tier 4	e Tier 5
Period 1						
External Costs Eligible for Markup						
701	Cost of Programming For Channels Added Prior to 5/15/94 or After 5/15/94 Using Markup Method For Period	\$1,531,591.47				
702	Retransmission Consent Fees For Period					
703	Copyright Fees For Period	\$366,157.80				
704	External Costs Eligible For 7.5% Markup	\$1,897,749.27				
705	Marked Up External Costs	\$2,040,080.46				
External Costs Not Eligible for Markup						
706	Cable Specific Taxes For Period					
707	Franchise Related Costs For Period	\$3,877,126.59				
708	Commission Regulatory Fees For Period	\$152,042.24				
709	Total External Costs For Period	\$6,069,249.30				
710	Monthly, Per-Subscriber External Costs For Period 1	\$2.3064				

Intra-up Period FRC per Sub per month 1 357384992
Projected Period FRC per Sub per month 1 473352148

Worksheet 8 - True-Up Rate Charged

For instructions, see Appendix A of Instructions For FCC Form 1240

Question 1 How long is the True-Up Period 1, in months?

Question 2 How long is the True-Up Period 2, in months?

12

Line	Line Description	a Basic	b Tier 2	c Tier 3	d Tier 4	e Tier 5
1	Mar-03	\$18.76				
2	Apr-03	\$18.76				
3	May-03	\$18.76				
4	Jun-03	\$18.76				
5	Jul-03	\$18.76				
6	Aug-03	\$18.76				
7	Sep-03	\$18.78				
8	Oct-03	\$18.78				
9	Nov-03	\$18.78				
10	Dec-03	\$18.78				
11	Jan-04	\$18.78				
12	Feb-04	\$18.78				
13	Period 1 Average Rate	\$18.77				

14	Feb-00					
15	Mar-00					
16	Apr-00					
17	May-00					
18	Jun-00					
19	Jul-00					
20	Aug-00					
21	Sep-00					
22	Oct-00					
23	Nov-00					
24	Dec-00					
25	Jan-01					
26	Period 2 Average Rate					

FCC Reg Fee

0 04417

0 04417

0 04417

0 04417

0 04417

0 04417

0 05500

0 05500

0 05500

0 05500

0 05500

0 05500

APPENDIX D

MONTGOMERY COUNTY, MARYLAND
Review of 2003 FCC Form 1240 Filing of Comcast
Programming Cost Per Channel & Total Cost
LABELLED CONFIDENTIAL BY COMCAST - NOT FOR PUBLIC DISCLOSURE

Line No.	Chan.	Prog.	True-Up Period											
			Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04
1	3	C-SPAN												
2	3	FOX NEWS CHANNEL (moved to CFS 3/1/04)												
3	3	Launch Fee Adjustment for FOX NEWS CHANNEL												
4	8	NEWS CHANNEL 8												
5	12	TBS (moved to CFS 3/1/04)												
6	13	FX (moved to CFS 3/1/04)												
7	13	WGN (moved to Bessie 3/1/04)												
8	30	WEATHER CHANNEL												
9	31	TV GUIDE												
9	39	QAMB SHOW NETWORK (moved to CFS 3/1/04)												
8		Total Cost Per Subscriber	\$321,991.51	\$294,823.51	\$296,079.73	\$327,918.89	\$300,343.64	\$301,037.36	\$328,943.07	\$299,286.79	\$298,966.18	\$320,185.24	\$315,313.99	\$315,063.71
		Adjustment to Flowthrough Prior Year Launch Fees												
10		Total Cost Per Subscriber	\$249,660.88	\$222,492.88	\$223,749.10	\$255,388.26	\$228,215.00	\$228,706.73	\$236,614.44	\$226,956.15	\$226,635.55	\$255,834.01	\$242,983.36	\$242,735.08
11		Total Subscribers	218,342	219,710	220,355	221,433	220,487	220,774	220,487	220,048	220,030	220,294	219,463	219,292
12		Cost Per Subscriber	\$1.14344	\$1.01266	\$1.01340	\$1.15423	\$1.03503	\$1.03593	\$1.07383	\$1.03139	\$1.03002	\$1.16142	\$1.10717	\$1.10691
13		Cost Per Subscriber Per Comcast	\$1.30462	\$1.43779	\$1.43933	\$1.57933	\$1.43344	\$1.43370	\$1.58849	\$1.43231	\$1.43110	\$1.58487	\$1.53208	\$1.52983
14		Difference	(\$0.36118)	(\$0.42513)	(\$0.42593)	(\$0.42509)	(\$0.42039)	(\$0.41777)	(\$0.42463)	(\$0.42111)	(\$0.42108)	(\$0.42344)	(\$0.42491)	(\$0.42292)
15		Total Programming Expense - True-Up Period (Sum of Line 12)												\$2,860,194.04
16		Total Programming Expense - Projected Period (Sum of Line 12)												
17		Average Subscribers (Line 17)												220,060

MONTGOMERY COUNTY, MARYLAND
Review of 2003 FCC Form 1240 Filing of Comcast
Programming Cost Per Channel & Total Cost
LABELLED CONFIDENTIAL BY COMCAST - NOT FOR PUBLIC DISCLOSURE

Line No.	Chnn.	Prog.	Projected Period											
			Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05
1	3	C-SPAN												
2	5	FOX NEWS CHANNEL (moved to CFS 3/1/04)												
3	9	Launch Fee Adjustment for FOX NEWS CHANNEL												
3	8	NEWS CHANNEL 8												
4	12	TBS (moved to CFS 3/1/04)												
5	15	FX (moved to CFS 3/1/04)												
6	15	WGN (moved to Bando 3/1/04)												
7	30	WBATHER CHANNEL												
8	31	TY GUIDS												
9	37	GAME SHOW NETWORK (moved to CFS 3/1/04)												
8		Total Cost Per Subscriber	\$127,632.62	\$127,632.62	\$127,632.62	\$127,632.62	\$127,632.62	\$127,632.62	\$127,632.62	\$127,632.62	\$127,632.62	\$127,632.62	\$127,632.62	\$127,632.62
		Adjustment to Flowthrough Prior Year Launch Fees												
10		Total Cost Per Subscriber	\$127,632.62	\$127,632.62	\$127,632.62	\$127,632.62	\$127,632.62	\$127,632.62	\$127,632.62	\$127,632.62	\$127,632.62	\$127,632.62	\$127,632.62	\$127,632.62
11		Total Subscribers	219,292	219,292	219,292	219,292	219,292	219,292	219,292	219,292	219,292	219,292	219,292	219,292
12		Cost Per Subscriber	\$0.58202	\$0.58202	\$0.58202	\$0.58202	\$0.58202	\$0.58202	\$0.58202	\$0.58202	\$0.58202	\$0.58202	\$0.58202	\$0.58202
13		Cost Per Subscriber Per Comcast	\$1.48830	\$1.48830	\$1.48830	\$1.48830	\$1.48830	\$1.48830	\$1.48830	\$1.48830	\$1.48830	\$1.48830	\$1.48830	\$1.48830
14		Difference	(\$0.90648)	(\$0.90648)	(\$0.90648)	(\$0.90648)	(\$0.90648)	(\$0.90648)	(\$0.90648)	(\$0.90648)	(\$0.90648)	(\$0.90648)	(\$0.90648)	(\$0.90648)
15		Total Programming Expense - True-Up Period (Sum of Line 12)												
16		Total Programming Expense - Projected Period (Sum of Line 12)												\$1,331,391.47
17		Average Subscribers (Line 17)												219,292

MONTGOMERY COUNTY, MARYLAND
Review of 2004 FCC Form 1240 Filed Comcast Cablevision
Analysis of Subscribers

Line No.	Description / Rate	Rate	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	12 Month Average
1																
2																
3																
4																
5																
6																
7																
8																
9																
10																
11																
12																
13																
14																
15																
16																
17																
18																
19																
20																
21																
22																
23																
24	Total		209,776	219,004	212,473	213,257	214,291	213,838	214,182	213,981	213,572	213,587	213,848	213,223	213,143	213,338
25	Total Excluding TOA Service Bulk Equivalent		209,759	218,939	212,194	212,823	213,718	213,147	213,372	213,067	212,382	212,515	212,709	211,996	211,787	212,537
26	B1 Rate - County															
27	B1 Rate - Gaithersburg															
28	B1/B2 Rate - County															
29	B1/B2 Rate - Gaithersburg															
30	B1 Business Revenue - County															
31	B1/B2 Business Revenue - County															
32	B1 Residential Bulk - County															
33	B1/B2 Residential Bulk - County															
34	B1 Bus. Revenue - Gaithersburg															
35	B1/B2 Bus. Revenue - Gaithersburg															
36	B1 Residential Bulk - Gaithersburg															
37	B1/B2 Resid. Bulk - Gaithersburg															
38	Equiv. Subs - B1 Bus. - County															
39	Equiv. Subs - B1/B2 Bus. - County															
40	Equiv. Subs - B1 - County															
41	Equiv. Subs - B1/B2 - County															
42	Equiv. Subs - B1 Bus. - Gaithersburg															
43	Equiv. Subs - B1/B2 Bus. - Gaithersburg															
44	Equiv. Subs - B1 - Gaithersburg															
45	Equiv. Subs - B1/B2 - Gaithersburg															
46	Equivalent Subs		7,732	7,803	7,516	7,532	7,717	7,340	7,402	7,420	7,466	7,515	7,385	7,469	7,505	7,523
47	Total Subscribers		217,490	218,342	219,710	220,355	221,435	220,487	220,774	220,487	220,048	220,030	220,294	219,465	219,292	220,060

APPENDIX E

MONTOOMERY COUNTY, MARYLAND
Comcast Cable of Maryland, Inc.
Review of Franchise-Related Costs

Line No.	Date Paid	Description/Date	Payments	Months of Annual	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04
1	17-Feb-99	Reimburse County for Expenses	\$200,000.00	7											
2	Year 1	PBO Support Fund	\$1,500,000.00	12											
3	Year 2	PBO Support Fund	\$1,529,500.00	12											
4	Year 3	PBO Support Fund	\$1,565,163.00	12											
5	Year 4	PBO Support Fund	\$1,613,248.00	12											
6	Year 5	PBO Support Fund	\$1,631,391.00	12	\$137,632.58	\$137,632.58	\$137,632.58	\$137,632.58							
7	Year 6	PBO Support Fund	\$1,697,310.00	12					\$141,459.17	\$141,459.17	\$141,459.17	\$141,459.17	\$141,459.17	\$141,459.17	\$141,459.17
8	Year 7	PBO Support Fund	\$1,697,310.00	12											
9	Year 1	Capital Grant for Access Equipment	\$1,000,000.00	180	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00
10	Year 2	Capital Grant for Access Equipment	\$1,000,000.00	168	\$5,952.38	\$5,952.38	\$5,952.38	\$5,952.38	\$5,952.38	\$5,952.38	\$5,952.38	\$5,952.38	\$5,952.38	\$5,952.38	\$5,952.38
11	Year 1	Capital Grant for Access Equip. - Maint.	\$200,000.00	12											
12	Year 2	Capital Grant for Access Equip. - Maint.	\$200,000.00	12											
13	Year 3	Capital Grant for Access Equip. - Maint.	\$200,000.00	12											
14	Year 4	Capital Grant for Access Equip. - Maint.	\$200,000.00	12											
15	Year 5	Capital Grant for Access Equip. - Maint.	\$211,044.00	12	\$17,587.00	\$17,587.00	\$17,587.00	\$17,587.00							
16	Year 6	Capital Grant for Access Equip. - Maint.	\$216,912.00	12					\$18,076.00	\$18,076.00	\$18,076.00	\$18,076.00	\$18,076.00	\$18,076.00	\$18,076.00
17	Year 7	Capital Grant for Access Equip. - Maint.	\$216,912.00	12											
18	Year 1	I-Net Separate Grant	\$1,250,000.00	180	\$6,944.44	\$6,944.44	\$6,944.44	\$6,944.44	\$6,944.44	\$6,944.44	\$6,944.44	\$6,944.44	\$6,944.44	\$6,944.44	\$6,944.44
19	Year 2	I-Net Separate Grant	\$1,250,000.00	168	\$7,440.48	\$7,440.48	\$7,440.48	\$7,440.48	\$7,440.48	\$7,440.48	\$7,440.48	\$7,440.48	\$7,440.48	\$7,440.48	\$7,440.48
20	Year 3	I-Net Capital Grant	\$1,200,000.00	12											
21	Year 4	I-Net Capital Grant	\$1,231,200.00	12											
22	Year 5	I-Net Capital Grant	\$1,270,598.00	12											
23	Year 6	I-Net Capital Grant	\$1,299,187.00	12	\$108,263.58	\$108,263.58	\$108,263.58	\$108,263.58							
24	Year 7	I-Net Capital Grant	\$1,335,307.00	12					\$111,275.58	\$111,275.58	\$111,275.58	\$111,275.58	\$111,275.58	\$111,275.58	\$111,275.58
25	17-May-99	LOC Fees	\$103,135.96	3											
26	16-Aug-99	LOC Fees	\$498,943.91	3											
27	13-Nov-99	LOC Fees	\$465,916.41	3											
28	16-Feb-00	LOC Fees	\$431,870.29	3											
29	15-May-00	LOC Fees	\$429,338.38	3											
30	18-Aug-00	LOC Fees	\$345,652.55	3											
31	29-Dec-00	LOC Fees	\$33,216.90	3											
32	31-Mar-01	LOC Fees	\$65,609.88	3											
33	30-Jun-01	LOC Fees	\$38,744.93	3											
34	30-Sep-01	LOC Fees	\$25,490.18	3											
35	31-Dec-01	LOC Fees	\$25,450.19	3											
36		TOTAL			\$293,822.47	\$293,822.47	\$293,822.47	\$293,822.47	\$301,148.05	\$301,148.05	\$301,148.05	\$301,148.05	\$301,148.05	\$301,148.05	\$301,148.05
37		TOTAL 2/1/99 - 1/31/99 - True Up													
38		TOTAL 7/1/99 - 6/30/2000 - Projected													
39		TOTAL WITH INTEREST													
40		TOTAL 2/1/99 - 1/31/2000 - True Up 1													
41		TOTAL 2/1/2000 - 2/28/2000 True Up 2													
42		TOTAL 7/1/2000 - 6/30/2001 Projected													
43		TOTAL WITH INTEREST													
44		TOTAL 3/1/2001 - 2/28/2001 True Up													
45		TOTAL 7/1/2001 - 6/30/2002 Projected													
46		TOTAL WITH INTEREST													
47		TOTAL 3/1/2001 - 2/28/2002 True Up													
48		TOTAL 7/1/2002 - 6/30/2003 Projected						\$3,323,869.62							
49		TOTAL WITH INTEREST						\$3,832,602.76							
50		TOTAL 3/1/2002 - 2/28/2003 True Up													
51		TOTAL 7/1/2003 - 6/30/2004 Projected													
52		TOTAL WITH INTEREST													
53		TOTAL 3/1/2003 - 2/28/2004 True Up													
54		TOTAL 7/1/2004 - 6/30/2004 Projected													
55		TOTAL WITH INTEREST													

MONTGOMERY COUNTY, MARYLAND
 Comcast Cable of Maryland, Inc.
 Review of Franchise-Related Costs

Line No.	Date Paid	Description/Date	Payments	Months of Amort.	Feb-04
1	17-Feb-99	Reimburse County for Expenses	\$200,000.00	7	
2	Year 1	PBO Support Fund	\$1,500,000.00	12	
3	Year 2	PBO Support Fund	\$1,525,500.00	12	
4	Year 3	PBO Support Fund	\$1,565,163.00	12	
5	Year 4	PBO Support Fund	\$1,615,248.00	12	
6	Year 5	PBO Support Fund	\$1,671,391.00	12	
7	Year 6	PBO Support Fund	\$1,697,510.00	12	\$141,499.17
8	Year 7	PBO Support Fund	\$1,697,510.00	12	
9	Year 1	Capital Grant for Access Equipment	\$1,800,000.00	180	\$10,000.00
10	Year 2	Capital Grant for Access Equipment	\$1,000,000.00	168	\$5,952.38
11	Year 1	Capital Grant for Access Equip. - Maint.	\$200,000.00	12	
12	Year 2	Capital Grant for Access Equip. - Maint.	\$200,000.00	12	
13	Year 3	Capital Grant for Access Equip. - Maint.	\$200,000.00	12	
14	Year 4	Capital Grant for Access Equip. - Maint.	\$208,400.00	12	
15	Year 5	Capital Grant for Access Equip. - Maint.	\$211,044.00	12	
16	Year 6	Capital Grant for Access Equip. - Maint.	\$216,912.00	12	\$18,076.00
17	Year 7	Capital Grant for Access Equip. - Maint.	\$216,912.00	12	
18	Year 1	I-Net Separate Grant	\$1,250,000.00	180	\$6,944.44
19	Year 2	I-Net Separate Grant	\$1,250,000.00	168	\$7,440.48
20	Year 3	I-Net Capital Grant	\$1,200,000.00	12	
21	Year 4	I-Net Capital Grant	\$1,231,200.00	12	
22	Year 5	I-Net Capital Grant	\$1,270,398.00	12	
23	Year 6	I-Net Capital Grant	\$1,299,187.00	12	
24	Year 7	I-Net Capital Grant	\$1,335,307.00	12	\$111,275.58
25	17-May-99	LOC Fees	\$163,139.96	3	
26	16-Aug-99	LOC Fees	\$498,543.91	3	
27	15-Nov-99	LOC Fees	\$465,916.41	3	
28	16-Feb-00	LOC Fees	\$431,870.39	3	
29	15-May-00	LOC Fees	\$429,338.38	3	
30	16-Aug-00	LOC Fees	\$345,652.59	3	
31	29-Dec-00	LOC Fees	\$33,216.90	3	
32	31-Mar-01	LOC Fees	\$65,609.88	3	
33	30-Jun-01	LOC Fees	\$38,744.53	3	
34	30-Sep-01	LOC Fees	\$25,450.18	3	
35	31-Dec-01	LOC Fees	\$25,450.17	3	
36		TOTAL			\$301,148.03
37		TOTAL 2/1/98 - 1/31/99 - True Up			
38		TOTAL 7/1/99 - 6/30/2000 - Projected			
39		TOTAL WITH INTEREST			
40		TOTAL 2/1/99 - 1/31/2000 - True Up 1			
41		TOTAL 2/1/2000 - 2/28/2000 True Up 2			
42		TOTAL 7/1/2000 - 6/30/2001 Projected			
43		TOTAL WITH INTEREST			
44		TOTAL 3/1/2000 - 2/28/2001 True Up			
45		TOTAL 7/1/2001 - 6/30/2002 Projected			
46		TOTAL WITH INTEREST			
47		TOTAL 3/1/2001 - 2/28/2002 True Up			
48		TOTAL 7/1/2002 - 6/30/2003 Projected			
49		TOTAL WITH INTEREST			
50		TOTAL 3/1/2002 - 2/28/2003 True Up			
51		TOTAL 7/1/2003 - 6/30/2004 Projected			
52		TOTAL WITH INTEREST			
53		TOTAL 3/1/2003 - 2/28/2004 True Up			\$3,384,174.29
54		TOTAL 7/1/2004 - 6/30/2005 Projected			
55		TOTAL WITH INTEREST			\$3,177,433.00

MONTGOMERY COUNTY, MARYLAND
 Comcast Cable of Maryland, Inc.
 Review of Franchise-Related Costs

Line No.	Date Paid	Description/Date	Payments	Months of Amort.	Jul-91	Aug-91	Sep-91	Oct-91	Nov-91	Dec-91	Jan-92	Feb-92	Mar-92	Apr-92	May-92
1	17-Feb-99	Reimburse County for Expenses	\$200,000.00	7											
2	Year 1	FBO Support Fund	\$1,500,000.00	12											
3	Year 2	FBO Support Fund	\$1,525,500.00	12											
4	Year 3	FBO Support Fund	\$1,565,163.00	12											
5	Year 4	FBO Support Fund	\$1,615,248.00	12											
6	Year 5	FBO Support Fund	\$1,651,591.00	12											
7	Year 6	FBO Support Fund	\$1,697,510.00	12											
8	Year 7	FBO Support Fund	\$1,697,510.00	12	\$141,459.17	\$141,459.17	\$141,459.17	\$141,459.17	\$141,459.17	\$141,459.17	\$141,459.17	\$141,459.17	\$141,459.17	\$141,459.17	\$141,459.17
9	Year 1	Capital Grant for Access Equipment	\$1,800,000.00	100	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00
10	Year 2	Capital Grant for Access Equipment	\$1,000,000.00	168	\$3,952.38	\$3,952.38	\$3,952.38	\$3,952.38	\$3,952.38	\$3,952.38	\$3,952.38	\$3,952.38	\$3,952.38	\$3,952.38	\$3,952.38
11	Year 1	Capital Grant for Access Equip. - Maint.	\$200,000.00	12											
12	Year 2	Capital Grant for Access Equip. - Maint.	\$200,000.00	12											
13	Year 3	Capital Grant for Access Equip. - Maint.	\$200,000.00	12											
14	Year 4	Capital Grant for Access Equip. - Maint.	\$204,400.00	12											
15	Year 5	Capital Grant for Access Equip. - Maint.	\$211,044.00	12											
16	Year 6	Capital Grant for Access Equip. - Maint.	\$216,912.00	12											
17	Year 7	Capital Grant for Access Equip. - Maint.	\$216,912.00	12	\$18,076.00	\$18,076.00	\$18,076.00	\$18,076.00	\$18,076.00	\$18,076.00	\$18,076.00	\$18,076.00	\$18,076.00	\$18,076.00	\$18,076.00
17	Year 1	I-Net Separate Grant	\$1,250,000.00	100	\$6,944.44	\$6,944.44	\$6,944.44	\$6,944.44	\$6,944.44	\$6,944.44	\$6,944.44	\$6,944.44	\$6,944.44	\$6,944.44	\$6,944.44
18	Year 2	I-Net Separate Grant	\$1,250,000.00	108	\$7,440.48	\$7,440.48	\$7,440.48	\$7,440.48	\$7,440.48	\$7,440.48	\$7,440.48	\$7,440.48	\$7,440.48	\$7,440.48	\$7,440.48
19	Year 2	I-Net Capital Grant	\$1,200,000.00	12											
20	Year 3	I-Net Capital Grant	\$1,231,200.00	12											
21	Year 4	I-Net Capital Grant	\$1,270,598.00	12											
22	Year 5	I-Net Capital Grant	\$1,299,187.00	12											
23	Year 6	I-Net Capital Grant	\$1,335,307.00	12											
24	Year 7	I-Net Capital Grant	\$1,335,307.00	12	\$111,275.58	\$111,275.58	\$111,275.58	\$111,275.58	\$111,275.58	\$111,275.58	\$111,275.58	\$111,275.58	\$111,275.58	\$111,275.58	\$111,275.58
25	17-May-99	LOC Fees	\$183,135.96	3											
26	16-Aug-99	LOC Fees	\$498,343.91	3											
27	15-Nov-99	LOC Fees	\$463,916.41	3											
28	16-Feb-00	LOC Fees	\$431,870.29	3											
29	15-May-00	LOC Fees	\$429,338.38	3											
30	18-Aug-00	LOC Fees	\$345,052.55	3											
31	29-Dec-00	LOC Fees	\$33,216.90	3											
32	31-Mar-01	LOC Fees	\$85,609.88	3											
33	30-Jun-01	LOC Fees	\$38,744.53	3											
34	30-Sep-01	LOC Fees	\$25,450.18	3											
35	31-Dec-01	LOC Fees	\$25,450.18	3											
36		TOTAL			\$301,148.03	\$301,148.03	\$301,148.03	\$301,148.03	\$301,148.03	\$301,148.03	\$301,148.03	\$301,148.03	\$301,148.03	\$301,148.03	\$301,148.03
37		TOTAL 2/1/98 - 1/31/99 - True Up													
38		TOTAL 7/1/99 - 6/30/2000 - Projected													
39		TOTAL WITH INTEREST													
40		TOTAL 2/1/99 - 1/31/2000 - True Up 1													
41		TOTAL 2/1/2000 - 1/28/2001 True Up 2													
42		TOTAL 7/1/2000 - 6/30/2001 Projected													
43		TOTAL WITH INTEREST													
44		TOTAL 3/1/2000 - 2/28/2001 True Up													
45		TOTAL 7/1/2001 - 6/30/2002 Projected													
46		TOTAL WITH INTEREST													
47		TOTAL 3/1/2001 - 2/28/2002 True Up													
48		TOTAL 7/1/2002 - 6/30/2003 Projected													
49		TOTAL WITH INTEREST													
50		TOTAL 3/1/2002 - 2/28/2003 True Up													
51		TOTAL 7/1/2003 - 6/30/2004 Projected													
52		TOTAL WITH INTEREST													
53		TOTAL 3/1/2003 - 2/28/2004 True Up													
54		TOTAL 7/1/2004 - 6/30/2005 Projected													
55		TOTAL WITH INTEREST													

MONTGOMERY COUNTY, MARYLAND
Comcast Cable of Maryland, Inc.
Review of Franchise-Related Costs

Line No.	Date Paid	Description/Date	Payments	Months of Amort.	Jan-03
1	17-Feb-99	Reimburse County for Expenses	\$200,000.00	7	
2	Year 1	PBO Support Fund	\$1,300,000.00	12	
3	Year 2	PBO Support Fund	\$1,323,300.00	12	
4	Year 3	PBO Support Fund	\$1,363,163.00	12	
5	Year 4	PBO Support Fund	\$1,619,248.00	12	
6	Year 5	PBO Support Fund	\$1,691,591.00	12	
7	Year 6	PBO Support Fund	\$1,697,310.00	12	
8	Year 7	PBO Support Fund	\$1,697,310.00	12	\$141,499.17
9	Year 1	Capital Grant for Access Equipment	\$1,800,000.00	180	\$10,000.00
10	Year 2	Capital Grant for Access Equipment	\$1,000,000.00	168	\$3,952.38
11	Year 1	Capital Grant for Access Equip. - Maint.	\$200,000.00	12	
12	Year 2	Capital Grant for Access Equip. - Maint.	\$200,000.00	12	
13	Year 3	Capital Grant for Access Equip. - Maint.	\$200,000.00	12	
14	Year 4	Capital Grant for Access Equip. - Maint.	\$208,400.00	12	
15	Year 5	Capital Grant for Access Equip. - Maint.	\$211,044.00	12	
16	Year 6	Capital Grant for Access Equip. - Maint.	\$216,912.00	12	
17	Year 7	Capital Grant for Access Equip. - Maint.	\$216,912.00	12	\$18,076.00
17	Year 1	I-Net Separate Grant	\$1,250,000.00	180	\$6,944.44
18	Year 2	I-Net Separate Grant	\$1,250,000.00	168	\$7,440.48
19	Year 2	I-Net Capital Grant	\$1,200,000.00	12	
20	Year 3	I-Net Capital Grant	\$1,231,200.00	12	
21	Year 4	I-Net Capital Grant	\$1,270,398.00	12	
22	Year 5	I-Net Capital Grant	\$1,299,187.00	12	
23	Year 6	I-Net Capital Grant	\$1,339,307.00	12	
24	Year 7	I-Net Capital Grant	\$1,339,307.00	12	\$111,275.98
25	17-May-99	LOC Fees	\$163,135.96	3	
26	16-Aug-99	LOC Fees	\$499,343.91	3	
27	13-Nov-99	LOC Fees	\$483,916.41	3	
28	16-Feb-00	LOC Fees	\$431,870.29	3	
29	15-May-00	LOC Fees	\$429,338.38	3	
30	18-Aug-00	LOC Fees	\$343,652.55	3	
31	29-Dec-00	LOC Fees	\$33,216.90	3	
32	31-Mar-01	LOC Fees	\$69,609.88	3	
33	30-Jun-01	LOC Fees	\$38,744.53	3	
34	30-Sep-01	LOC Fees	\$23,450.18	3	
35	31-Dec-01	LOC Fees	\$23,450.18	3	
36		TOTAL			\$101,148.03
37		TOTAL 2/1/99 - 1/31/99 - Time Up			
38		TOTAL 7/1/99 - 6/30/2000 - Projected			
39		TOTAL WITH INTEREST			
40		TOTAL 2/1/99 - 1/31/2000 - Time Up 1			
41		TOTAL 2/1/2000 - 2/28/2000 Time Up 2			
42		TOTAL 7/1/2000 - 6/30/2001 Projected			
43		TOTAL WITH INTEREST			
44		TOTAL 3/1/2000 - 2/28/2001 Time Up			
45		TOTAL 7/1/2001 - 6/30/2002 Projected			
46		TOTAL WITH INTEREST			
47		TOTAL 3/1/2001 - 2/28/2002 Time Up			
48		TOTAL 7/1/2002 - 6/30/2003 Projected			
49		TOTAL WITH INTEREST			
50		TOTAL 3/1/2002 - 2/28/2003 Time Up			
51		TOTAL 7/1/2003 - 6/30/2004 Projected			
52		TOTAL WITH INTEREST			
53		TOTAL 3/1/2003 - 2/28/2004 Time Up			
54		TOTAL 7/1/2004 - 6/30/2005 Projected			\$3,613,776.62
55		TOTAL WITH INTEREST			\$3,871,126.39

APPENDIX F

MONTGOMERY COUNTY, MARYLAND

Comcast Cable of Maryland, Inc

Review of Franchise-Related Costs

7.00%

Interest Rate

Month	Description/Date	Balance	Payments	Principal	Interest	Cumulative Principal	Cumulative Interest	Ending Balance
	<u>Capital Grant (Sec. 7(b))</u>							
22-Sep-98	10/98 Payment	\$450,000	\$4,083.60	\$1,458.60	\$2,625.00	\$1,458.60	\$2,625.00	\$448,541.40
31-Oct-98		450,000	4,084	1,467	2,616	2,926	5,241	447,074
30-Nov-98		450,000	4,084	1,476	2,608	4,401	7,849	445,599
31-Dec-98	01/99 Payment	900,000	8,208	5,608	2,599	10,010	10,449	889,990
31-Jan-99		900,000	8,208	3,016	5,192	13,026	15,640	886,974
28-Feb-99		900,000	8,208	3,034	5,174	16,059	20,814	883,941
31-Mar-99	04/99 Payment	1,350,000	12,373	7,217	5,156	23,276	25,971	1,326,724
30-Apr-99		1,350,000	12,373	4,634	7,739	27,910	33,710	1,322,090
31-May-99		1,350,000	12,373	4,661	7,712	32,571	41,422	1,317,429
30-Jun-99	07/99 Payment	1,800,000	16,583	8,898	7,685	41,469	49,107	1,758,531
31-Jul-99		1,800,000	16,583	6,325	10,258	47,794	59,365	1,752,206
31-Aug-99		1,800,000	16,583	6,361	10,221	54,155	69,586	1,745,845
30-Sep-99	10/99 Payment	2,050,000	18,946	8,762	10,184	62,917	79,771	1,987,083
31-Oct-99		2,050,000	18,946	7,355	11,591	70,272	91,362	1,979,728
30-Nov-99		2,050,000	18,946	7,398	11,548	77,670	102,910	1,972,330
31-Dec-99	01/00 Payment	2,300,000	21,336	9,831	11,505	87,501	114,415	2,212,499
31-Jan-00		2,300,000	21,336	8,430	12,906	95,931	127,322	2,204,069
29-Feb-00		2,300,000	21,336	8,479	12,857	104,409	140,179	2,195,591
31-Mar-00	04/00 Payment	2,550,000	23,753	10,945	12,808	115,355	152,986	2,434,645
30-Apr-00		2,550,000	23,753	9,551	14,202	124,906	167,189	2,425,094
31-May-00		2,550,000	23,753	9,607	14,146	134,512	181,335	2,415,488
30-Jun-00	07/00 Payment	2,800,000	26,198	12,108	14,090	146,620	195,425	2,653,380
31-Jul-00		2,800,000	26,198	10,720	15,478	157,340	210,903	2,642,660
31-Aug-00		2,800,000	26,198	10,783	15,416	168,122	226,319	2,631,878
30-Sep-00		2,800,000	26,198	10,845	15,353	178,968	241,671	2,621,032
31-Oct-00		2,800,000	26,198	10,909	15,289	189,876	256,961	2,610,124
30-Nov-00		2,800,000	26,198	10,972	15,226	200,849	272,187	2,599,151
31-Dec-00		2,800,000	26,198	11,036	15,162	211,885	287,348	2,588,115
31-Jan-01		2,800,000	26,198	11,101	15,097	222,986	302,446	2,577,014
28-Feb-01		2,800,000	26,198	11,165	15,033	234,151	317,478	2,565,849
31-Mar-01		2,800,000	26,198	11,231	14,967	245,382	332,446	2,554,618
30-Apr-01		2,800,000	26,198	11,296	14,902	256,678	347,348	2,543,322
31-May-01		2,800,000	26,198	11,362	14,836	268,040	362,184	2,531,960
30-Jun-01		2,800,000	26,198	11,428	14,770	279,469	376,953	2,520,531
31-Jul-01		2,800,000	26,198	11,495	14,703	290,963	391,656	2,509,037
31-Aug-01		2,800,000	26,198	11,562	14,636	302,526	406,292	2,497,474
30-Sep-01		2,800,000	26,198	11,629	14,569	314,155	420,861	2,485,845
31-Oct-01		2,800,000	26,198	11,697	14,501	325,852	435,362	2,474,148
30-Nov-01		2,800,000	26,198	11,766	14,433	337,618	449,794	2,462,382
31-Dec-01		2,800,000	26,198	11,834	14,364	349,452	464,158	2,450,548
31-Jan-02		2,800,000	26,198	11,903	14,295	361,355	478,453	2,438,645
28-Feb-02		2,800,000	26,198	11,973	14,225	373,328	492,679	2,426,672
31-Mar-02		2,800,000	26,198	12,042	14,156	385,370	506,834	2,414,630
30-Apr-02		2,800,000	26,198	12,113	14,085	397,483	520,920	2,402,517
31-May-02		2,800,000	26,198	12,183	14,015	409,666	534,934	2,390,334
30-Jun-02		2,800,000	26,198	12,254	13,944	421,921	548,878	2,378,079
31-Jul-02		2,800,000	26,198	12,326	13,872	434,247	562,750	2,365,753
31-Aug-02		2,800,000	26,198	12,398	13,800	446,645	576,550	2,353,355
30-Sep-02		2,800,000	26,198	12,470	13,728	459,115	590,278	2,340,885
31-Oct-02		2,800,000	26,198	12,543	13,655	471,658	603,933	2,328,342
30-Nov-02		2,800,000	26,198	12,616	13,582	484,274	617,515	2,315,726
31-Dec-02		2,800,000	26,198	12,690	13,508	496,964	631,024	2,303,036
31-Jan-03		2,800,000	26,198	12,764	13,434	509,727	644,458	2,290,273
28-Feb-03		2,800,000	26,198	12,838	13,360	522,565	657,818	2,277,435
31-Mar-03		2,800,000	26,198	12,913	13,285	535,478	671,103	2,264,522

MONTGOMERY COUNTY, MARYLAND

Comcast Cable of Maryland, Inc.

Review of Franchise-Related Costs

Annual Interest Rate

7.00%

Line No.	Month	Description/Date	Balance	Payments	Principal	Interest	Cumulative Principal	Cumulative Interest	Ending Balance
56	30-Apr-03		2,800,000	26,198	12,988	13,210	548,467	684,313	2,251,533
57	31-May-03		2,800,000	26,198	13,064	13,134	561,531	697,447	2,238,469
58	30-Jun-03		2,800,000	26,198	13,140	13,058	574,671	710,504	2,225,329
59	31-Jul-03		2,800,000	26,198	13,217	12,981	587,888	723,485	2,212,112
60	31-Aug-03		2,800,000	26,198	13,294	12,904	601,182	736,389	2,198,818
61	30-Sep-03		2,800,000	26,198	13,372	12,826	614,554	749,216	2,185,446
62	31-Oct-03		2,800,000	26,198	13,450	12,748	628,004	761,964	2,171,996
63	30-Nov-03		2,800,000	26,198	13,528	12,670	641,532	774,634	2,158,468
64	31-Dec-03		2,800,000	26,198	13,607	12,591	655,139	787,225	2,144,861
65	31-Jan-04		2,800,000	26,198	13,686	12,512	668,825	799,737	2,131,175
66	28-Feb-04		2,800,000	26,198	13,766	12,432	682,591	812,169	2,117,409
67	31-Mar-04		2,800,000	26,198	13,847	12,352	696,438	824,520	2,103,562
68	30-Apr-04		2,800,000	26,198	13,927	12,271	710,365	836,791	2,089,635
69	31-May-04		2,800,000	26,198	14,009	12,190	724,374	848,981	2,075,626
70	30-Jun-04		2,800,000	26,198	14,090	12,108	738,464	861,089	2,061,536
71	31-Jul-04		2,800,000	26,198	14,172	12,026	752,636	873,114	2,047,364
72	31-Aug-04		2,800,000	26,198	14,255	11,943	766,891	885,057	2,033,109
73	30-Sep-04		2,800,000	26,198	14,338	11,860	781,230	896,917	2,018,770
74	31-Oct-04		2,800,000	26,198	14,422	11,776	795,652	908,693	2,004,348
75	30-Nov-04		2,800,000	26,198	14,506	11,692	810,158	920,385	1,989,842
76	31-Dec-04		2,800,000	26,198	14,591	11,607	824,748	931,993	1,975,252
77	31-Jan-05		2,800,000	26,198	14,676	11,522	839,424	943,515	1,960,576
78	28-Feb-05		2,800,000	26,198	14,761	11,437	854,186	954,952	1,945,814
79	31-Mar-05		2,800,000	26,198	14,847	11,351	869,033	966,302	1,930,967
80	30-Apr-05		2,800,000	26,198	14,934	11,264	883,967	977,566	1,916,033
81	31-May-05		2,800,000	26,198	15,021	11,177	898,988	988,743	1,901,012
82	30-Jun-05		2,800,000	26,198	15,109	11,089	914,097	999,832	1,885,903
83	31-Jul-05		2,800,000	26,198	15,197	11,001	929,294	1,010,833	1,870,706
84		Interest 07/1/98 - 01/31/99				\$15,640.36			
85		Interest 02/1/99 - 01/31/2000				\$111,681.38			
86		Interest 02/1/2000 - 02/29/2000				\$12,857.07			
87		Interest 07/1/2000 - 06/30/2001				\$181,528.10			
88		Interest 03/1/2000 - 02/28/2001				\$177,299.34			
89		Interest 03/1/2001 - 02/28/2002				\$175,200.42			
90		Interest 07/1/2001 - 06/30/2002				\$171,924.45			
91		Interest 07/1/2002 - 06/30/2003				\$161,626.55			
92		Interest 03/1/2002 - 02/28/2003				\$165,139.35			
93		Interest 07/1/2003 - 06/30/2004				\$150,584.22			
94		Interest 03/1/2003 - 02/28/2004				\$154,350.95			
95		Interest 07/1/2004 - 06/30/2005				\$138,743.63			

MONTGOMERY COUNTY, MARYLAND

Comcast Cable of Maryland, Inc

Review of Franchise-Related Costs

Interest Rate

7.00%

Month	Description/Date	Balance	Payments	Principal	Interest	Cumulative Principal	Cumulative Interest	Ending Balance
<u>Institutional Network Capital Grant (Sec. 7(h)(3))</u>								
30-Sep-98	09/98 Payment	\$312,500	\$2,835.84	\$1,012.92	\$1,822.92	\$1,012.92	\$1,822.92	\$311,487.08
31-Oct-98		312,500	2,836	1,019	1,817	2,032	3,640	310,468
30-Nov-98		312,500	2,836	1,025	1,811	3,057	5,451	309,443
31-Dec-98	12/98 Payment	625,000	5,700	3,895	1,805	6,951	7,256	618,049
31-Jan-99		625,000	5,700	2,094	3,605	9,046	10,861	615,954
28-Feb-99		625,000	5,700	2,107	3,593	11,152	14,454	613,848
31-Mar-99	03/99 Payment	937,500	8,593	5,012	3,581	16,164	18,035	921,336
30-Apr-99		937,500	8,593	3,218	5,374	19,382	23,410	918,118
31-May-99		937,500	8,593	3,237	5,356	22,619	28,765	914,881
30-Jun-99	06/99 Payment	1,250,000	11,516	6,179	5,337	28,798	34,102	1,221,202
31-Jul-99		1,250,000	11,516	4,392	7,124	33,190	41,226	1,216,810
31-Aug-99		1,250,000	11,516	4,418	7,098	37,608	48,324	1,212,392
30-Sep-99	09/99 Payment	1,562,500	14,470	7,398	7,072	45,006	55,396	1,517,494
31-Oct-99		1,562,500	14,470	5,618	8,852	50,624	64,248	1,511,876
30-Nov-99		1,562,500	14,470	5,651	8,819	56,275	73,068	1,506,225
31-Dec-99	12/99 Payment	1,875,000	17,457	8,671	8,786	64,946	81,854	1,810,054
31-Jan-00		1,875,000	17,457	6,899	10,559	71,845	92,412	1,803,155
29-Feb-00		1,875,000	17,457	6,939	10,518	78,784	102,931	1,796,216
31-Mar-00	03/00 Payment	2,187,500	20,479	10,001	10,478	88,784	113,409	2,098,716
30-Apr-00		2,187,500	20,479	8,236	12,243	97,020	125,651	2,090,480
31-May-00		2,187,500	20,479	8,284	12,194	105,304	137,846	2,082,196
30-Jun-00	06/00 Payment	2,500,000	23,535	11,389	12,146	116,693	149,992	2,383,307
31-Jul-00		2,500,000	23,535	9,632	13,903	126,326	163,895	2,373,674
31-Aug-00		2,500,000	23,535	9,689	13,846	136,014	177,741	2,363,986
30-Sep-00		2,500,000	23,535	9,745	13,790	145,759	191,531	2,354,241
31-Oct-00		2,500,000	23,535	9,802	13,733	155,561	205,264	2,344,439
30-Nov-00		2,500,000	23,535	9,859	13,676	165,420	218,940	2,334,580
31-Dec-00		2,500,000	23,535	9,917	13,618	175,337	232,558	2,324,663
31-Jan-01		2,500,000	23,535	9,974	13,561	185,311	246,119	2,314,689
28-Feb-01		2,500,000	23,535	10,033	13,502	195,344	259,621	2,304,656
31-Mar-01		2,500,000	23,535	10,091	13,444	205,435	273,065	2,294,565
30-Apr-01		2,500,000	23,535	10,150	13,385	215,585	286,450	2,284,415
31-May-01		2,500,000	23,535	10,209	13,326	225,794	299,776	2,274,206
30-Jun-01		2,500,000	23,535	10,269	13,266	236,063	313,042	2,263,937
31-Jul-01		2,500,000	23,535	10,329	13,206	246,392	326,248	2,253,608
31-Aug-01		2,500,000	23,535	10,389	13,146	256,781	339,394	2,243,219
30-Sep-01		2,500,000	23,535	10,450	13,085	267,231	352,480	2,232,769
31-Oct-01		2,500,000	23,535	10,511	13,024	277,741	365,504	2,222,259
30-Nov-01		2,500,000	23,535	10,572	12,963	288,313	378,467	2,211,687
31-Dec-01		2,500,000	23,535	10,633	12,902	298,946	391,369	2,201,054
31-Jan-02		2,500,000	23,535	10,696	12,839	309,642	404,208	2,190,358
28-Feb-02		2,500,000	23,535	10,758	12,777	320,400	416,985	2,179,600
31-Mar-02		2,500,000	23,535	10,821	12,714	331,220	429,700	2,168,780
30-Apr-02		2,500,000	23,535	10,884	12,651	342,104	442,351	2,157,896
31-May-02		2,500,000	23,535	10,947	12,588	353,052	454,939	2,146,948
30-Jun-02		2,500,000	23,535	11,011	12,524	364,063	467,463	2,135,937
31-Jul-02		2,500,000	23,535	11,075	12,460	375,138	479,922	2,124,862
31-Aug-02		2,500,000	23,535	11,140	12,395	386,278	492,317	2,113,722
30-Sep-02		2,500,000	23,535	11,205	12,330	397,483	504,647	2,102,517
31-Oct-02		2,500,000	23,535	11,270	12,265	408,753	516,912	2,091,247
30-Nov-02		2,500,000	23,535	11,336	12,199	420,089	529,111	2,079,911
31-Dec-02		2,500,000	23,535	11,402	12,133	431,492	541,244	2,068,508
31-Jan-03		2,500,000	23,535	11,469	12,066	442,960	553,310	2,057,040
28-Feb-03		2,500,000	23,535	11,536	11,999	454,496	565,309	2,045,504
31-Mar-03		2,500,000	23,535	11,603	11,932	466,099	577,241	2,033,901

MONTGOMERY COUNTY, MARYLAND

Comcast Cable of Maryland, Inc

Review of Franchise-Related Costs

Annual Interest Rate

7.00%

Line No.	Month	Description/Date	Balance	Payments	Principal	Interest	Cumulative Principal	Cumulative Interest	Ending Balance
151	30-Apr-03		2,500,000	23,535	11,671	11,864	477,769	589,106	2,022,231
152	31-May-03		2,500,000	23,535	11,739	11,796	489,508	600,902	2,010,492
153	30-Jun-03		2,500,000	23,535	11,807	11,728	501,315	612,630	1,998,685
154	31-Jul-03		2,500,000	23,535	11,876	11,659	513,191	624,289	1,986,809
155	31-Aug-03		2,500,000	23,535	11,945	11,590	525,136	635,879	1,974,864
156	30-Sep-03		2,500,000	23,535	12,015	11,520	537,151	647,399	1,962,849
157	31-Oct-03		2,500,000	23,535	12,085	11,450	549,236	658,849	1,950,764
158	30-Nov-03		2,500,000	23,535	12,156	11,379	561,392	670,228	1,938,608
159	31-Dec-03		2,500,000	23,535	12,226	11,309	573,618	681,537	1,926,382
160	31-Jan-04		2,500,000	23,535	12,298	11,237	585,916	692,774	1,914,084
161	28-Feb-04		2,500,000	23,535	12,370	11,165	598,286	703,940	1,901,714
162	31-Mar-04		2,500,000	23,535	12,442	11,093	610,727	715,033	1,889,273
163	30-Apr-04		2,500,000	23,535	12,514	11,021	623,242	726,054	1,876,758
164	31-May-04		2,500,000	23,535	12,587	10,948	635,829	737,001	1,864,171
165	30-Jun-04		2,500,000	23,535	12,661	10,874	648,490	747,876	1,851,510
166	31-Jul-04		2,500,000	23,535	12,735	10,800	661,224	758,676	1,838,776
167	31-Aug-04		2,500,000	23,535	12,809	10,726	674,033	769,402	1,825,967
168	30-Sep-04		2,500,000	23,535	12,884	10,651	686,916	780,054	1,813,084
169	31-Oct-04		2,500,000	23,535	12,959	10,576	699,875	790,630	1,800,125
170	30-Nov-04		2,500,000	23,535	13,034	10,501	712,909	801,131	1,787,091
171	31-Dec-04		2,500,000	23,535	13,110	10,425	726,020	811,556	1,773,980
172	31-Jan-05		2,500,000	23,535	13,187	10,348	739,206	821,904	1,760,794
173	28-Feb-05		2,500,000	23,535	13,264	10,271	752,470	832,175	1,747,530
174	31-Mar-05		2,500,000	23,535	13,341	10,194	765,811	842,369	1,734,189
175	30-Apr-05		2,500,000	23,535	13,419	10,116	779,230	852,485	1,720,770
176	31-May-05		2,500,000	23,535	13,497	10,038	792,727	862,523	1,707,273
177	30-Jun-05		2,500,000	23,535	13,576	9,959	806,303	872,482	1,693,697
178	31-Jul-05		2,500,000	23,535	13,655	9,880	819,958	882,362	1,680,042
179		Interest 07/1/98 - 01/31/99				\$10,861.36			
180		Interest 02/1/99 - 01/31/2000				\$81,551.12			
181		Interest 02/1/2000 - 02/29/2000				\$10,518.41			
182		Interest 07/1/2000 - 06/30/2001				\$163,049.95			
183		Interest 03/1/2000 - 02/28/2001				\$156,690.25			
184		Interest 03/1/2001 - 02/28/2002				\$157,364.27			
185		Interest 07/1/2001 - 06/30/2002				\$154,420.67			
186		Interest 07/1/2002 - 06/30/2003				\$145,167.59			
187		Interest 03/1/2002 - 02/28/2003				\$148,323.98			
188		Interest 07/1/2003 - 06/30/2004				\$135,245.60			
189		Interest 03/1/2003 - 02/28/2004				\$138,630.16			
190		Interest 07/1/2004 - 06/30/2005				\$124,606.34			
189		Total Interest 07/1/98 - 01/31/99				\$26,501.72			
191		Total Interest 02/1/99 - 01/31/2000				\$193,232.50			
192		Total Interest 02/1/2000 - 02/29/2000				\$23,375.48			
193		Total Interest 07/1/2000 - 06/30/2001				\$344,578.04			
194		Total Interest 03/1/2000 - 02/28/2001				\$333,989.59			
195		Total Interest 03/1/2001 - 02/28/2002				\$332,564.69			
196		Total Interest 07/1/2001 - 06/30/2002				\$326,345.12			
197		Total Interest 07/1/2002 - 06/30/2003				\$306,794.14			
198		Total Interest 03/1/2002 - 02/28/2003				\$313,463.33			
199		Total Interest 07/1/2003 - 06/30/2004				\$285,829.81			
200		Total Interest 03/1/2003 - 02/28/2004				\$292,981.12			
201		Total Interest 07/1/2004 - 06/30/2005				\$263,349.97			

APPENDIX G



PUBLIC NOTICE

FEDERAL COMMUNICATIONS COMMISSION
445 12TH STREET, S.W.
WASHINGTON, D.C. 20554

DA 05-66

News media information 202/418-0500 Fax-On-Demand 202/418-2E30 Internet: <http://www.fcc.gov> ftp.fcc.gov

MEDIA BUREAU ACTION

January 13, 2005

THIRD QUARTER 2004 INFLATION ADJUSTMENT FIGURES FOR CABLE OPERATORS USING FCC FORM 1240 NOW AVAILABLE

As described in the instructions for FCC 1240, cable operators may adjust the non-external cost portion of their rates for inflation based on quarterly figures released by the Federal Communications Commission. The Third Quarter 2004 Inflation Factor for operators using FCC Form 1240 is 1.43%.

The adjustment factor of 1.43% is a measure of the annualized change in prices occurring over the period from July 1, 2004 to September 30, 2004. All adjustments are based on changes in the Gross National Product Price Index (GNP-PI), Table 6 (Addenda, Gross national product), published by the United States Department of Commerce, Bureau of Economic Analysis (BEA).

The Media Bureau obtained the chain-type price indices from the BEA news release dated December 22, 2004 (BEA 04-61).

The inflation adjustment factor is calculated by dividing the GNP-PI for the third quarter of 2004 (108.549) by the GNP-PI for the second quarter of 2004 (108.164). The result of this calculation is converted from a quarterly change measurement factor to an annual change measurement factor by raising it to the fourth power.

Operators calculating the Inflation Factor for a True-Up Period which includes some portion of the third quarter of 2004 should enter the inflation factor on the appropriate lines of Worksheet 1 of FCC Form 1240 as "0.0143". Operators using this factor for calculating the Projected Period Inflation Segment of FCC Form 1240 should enter this number on Line C3 (January 1996 version), or Line C5 (July 1996 version) as "1.0143".

To date, the Commission has released thirty-seven quarterly inflation factors for use with FCC Form 1240. The following table lists these factors:

Year	Quarter	Dates Covered	Inflation Factor
1995	Third	Jul. 1, 1995 - Sep. 30, 1995	2.22%
1995	Fourth	Oct. 1, 1995 - Dec. 31, 1995	2.22%
1996	First	Jan. 1, 1996 - Mar. 31, 1996	2.39%
1996	Second	Apr. 1, 1996 - Jun. 30, 1996	2.22%
1996	Third	Jul. 1, 1996 - Sep. 30, 1996	2.21%
1996	Fourth	Oct. 1, 1996 - Dec. 31, 1996	1.83%
1997	First	Jan. 1, 1997 - Mar. 31, 1997	2.70%
1997	Second	Apr. 1, 1997 - Jun. 30, 1997	1.77%
1997	Third	Jul. 1, 1997 - Sep. 30, 1997	1.43%
1997	Fourth	Oct. 1, 1997 - Dec. 31, 1997	1.43%
1998	First	Jan. 1, 1998 - Mar. 31, 1998	1.14%
1998	Second	Apr. 1, 1998 - Jun. 30, 1998	0.82%
1998	Third	Jul. 1, 1998 - Sep. 30, 1998	1.00%
1998	Fourth	Oct. 1, 1998 - Dec. 31, 1998	0.78%
1999	First	Jan. 1, 1999 - Mar. 31, 1999	1.60%
1999	Second	Apr. 1, 1999 - Jun. 30, 1999	1.35%
1999	Third	Jul. 1, 1999 - Sep. 30, 1999	1.04%
1999	Fourth	Oct. 1, 1999 - Dec. 31, 1999	1.96%
2000	First	Jan. 1, 2000 - Mar. 31, 2000	3.00%
2000	Second	Apr. 1, 2000 - Jun. 30, 2000	2.40%
2000	Third	Jul. 1, 2000 - Sep. 30, 2000	1.62%
2000	Fourth	Oct. 1, 2000 - Dec. 31, 2000	1.99%
2001	First	Jan. 1, 2001 - Mar. 31, 2001	3.23%
2001	Second	Apr. 1, 2001 - Jun. 30, 2001	2.08%
2001	Third	Jul. 1, 2001 - Sep. 30, 2001	2.25%
2001	Fourth	Oct. 1, 2001 - Dec. 31, 2001	(0.11%)
2002	First	Jan. 1, 2002 - Mar. 31, 2002	1.21%
2002	Second	Apr. 1, 2002 - June 30, 2002	1.24%
2002	Third	Jul. 1, 2002 - Sep. 30, 2002	1.02%
2002	Fourth	Oct. 1, 2002 - Dec. 31, 2002	1.78%
2003	First	Jan. 1, 2003 - Mar. 31, 2003	2.39%
2003	Second	Apr. 1, 2003 - Jun. 30, 2003	1.00%
2003	Third	Jul. 1, 2003 - Sep. 30, 2003	1.66%
2003	Fourth	Oct. 1, 2003 - Dec. 31, 2003	1.50%
2004	First	Jan. 1, 2004 - Mar. 31, 2004	2.84%
2004	Second	Apr. 1, 2004 - Jun. 30, 2004	3.23%
2004	Third	Jul. 1, 2004 - Sep. 30, 2004	1.43%

The Commission releases a new quarterly inflation factor for operators using FCC Form 1240 four times each year. The inflation factor for a given quarter is usually released between three and four months after the end of the quarter, depending on the schedule of the Department of Commerce. The release of a new factor is posted on the Commission's Internet site at <http://www.fcc.gov/mb/csinflat.html>.

Media Contact: Rebecca Fisher at (202) 418-2359

Media Bureau Contact: Jane Frenette at (202) 418-2245

TTY: (202) 418-7172

-FCC-

APPENDIX H



REGULATORY FEES FACT SHEET

Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

July 2004

WHAT YOU OWE – CABLE TELEVISION SYSTEMS FOR FY 2004

Cable television systems operating on October 1, 2003 must pay a regulatory fee per subscriber¹ for each of the community units (CUIDs) in which they operate. The number of basic cable subscribers that you served on December 31, 2003 should be used as the basis from which to calculate your fee payment. Beginning this year, you may pay your regulatory fee for all of your basic service subscribers with a single line entry of Form 159 without having to list your individual CUIDs.

Each licensee of a CARS facility operating on October 1, 2003 must pay a regulatory fee for each CARS license held. In instances where a license or authorization is transferred or assigned after October 1, 2003, the fee must be paid by the party that is the licensee or holder of the authorization on the date that the fee payment is due. You may submit a single payment for all of your regulatory fee obligations (i.e., "subscriber fees" and all CARS licenses; however, you must list each individual CARS call sign.

TYPE OF FEE	REGULATORY FEE PAYMENT	PAYMENT TYPE CODE
Cable System Subscriber Fee	\$0.70 per subscriber	0471
CARS License	\$135 per license	0470

Special Instructions for Completing FCC Forms 159 & 159-C

In addition to the general Form 159 filing instructions, the following information applies specifically to cable television systems and CARS licensees:

Block (9) - Telephone Number:

> Enter the contact name and telephone number of the specific individual responsible for

¹ Number of Subscribers In a Community Unit = Number of single family dwellings + Number of individual households in multiple dwelling units (e.g., apartments, condominiums, mobile home parks, etc.) paying at the basic subscriber rate + Number of bulk-rate customers + Number of courtesy and free service (NOTE: Bulk-Rate Customers = total annual bulk rate charge + basic annual subscription rate for individual households).

submitting the payment and supporting Form 159 and Form 159-C.

Block (11) - PAYER FRN:

- Enter the fee payer's FRN number.

Block (21) - APPLICANT FRN:

- If different from payer, enter the applicant's FRN number.

Block (23A) - FCC CALL SIGN/OTHER ID:

- For subscriber fees, leave this block blank.
- Enter the call sign for each CARS license. Call signs must be entered in one of the two following formats: for fixed stations, the call sign is generally comprised of three letters, followed by a dash, followed by two or three numbers (e.g. WAL-504). For mobile licenses, the call sign is generally comprised of two letters, followed by a dash, followed by five numbers (e.g. KB-60111). This Block must be completed for each CARS license.

Block (24A) - PAYMENT TYPE CODE:

- Enter 0471 when paying a subscriber fee. Subscriber information must be provided for each system that is operated.
- Enter 0470 when making a regulatory fee payment for a CARS license.

Block (25A) - QUANTITY:

- For subscriber fees, enter your aggregate number of basic subscribers that you served on December 31, 2003. For CARS licensees, enter "1" in this block for each call sign.

Block (27A) - TOTAL FEE:

- For subscriber fees (payment type code 0471), multiply the amount in Block 25A (Quantity) by \$0.70 and enter the result here. Enter exact dollars and cents; do not round.
- For CARS licenses (payment type code 0470) enter \$135.00.

Block (28A) - FCC CODE 1: Leave this block blank.

Block (29A) - FCC CODE 2: Leave this block blank.

Block (30) - CERTIFICATION:

- Provide the printed name and signature of an individual owner/licensee or officer attesting to the accuracy and completeness of the information supplied.

Please include a daytime telephone number so that we can contact you if questions arise regarding your payment.

- FCC -



REGULATORY FEES FACT SHEET

Federal Communications Commission
445 12th St, S.W.
Washington, D.C. 20554

July 2003

WHAT YOU OWE – CABLE TELEVISION SYSTEMS

Cable television systems operating on October 1, 2002 must pay a regulatory fee per subscriber¹ for each of the community units in which they operate. You may pay for multiple community units with a single payment as long as the community units are all part of the same cable system or part of a group of commonly-owned cable systems. However, you must still list each individual community unit identifier (CUID).

Additionally, each licensee of a CARS facility operating on October 1, 2002 must pay a regulatory fee for each CARS license held. In instances where a license or authorization is transferred or assigned after October 1, 2002, the fee must be paid by the party that is the licensee or holder of the authorization on the date that the fee payment is due. You may submit a single payment for all of your regulatory fee obligations (i.e., "subscriber fees" and all CARS licenses; however, you must still list each individual community unit identifier (CUID) and CARS call sign. The number of subscribers on December 31, 2002 should be used as the basis from which to calculate the fee payment.

TYPE OF FEE	REGULATORY FEE PAYMENT	PAYMENT TYPE CODE
Cable System Subscriber Fee	\$0.66 per subscriber	0371
CARS License	\$90 per license	0370

Special Instructions for Completing FCC Forms 159 & 159-C

In addition to the general Form 159 filing instructions in the *FY 2003 Regulatory Fees Public Notice*, the following information applies specifically to cable television systems and CARS licensees:

Block (9) - Telephone Number:

- > Enter the contact name and telephone number of the specific individual responsible for submitting the payment and supporting Form 159 and Form 159-C.

¹ Number of Subscribers in a Community Unit = Number of single family dwellings + Number of individual households in multiple dwelling units (e.g., apartments, condominiums, mobile home parks, etc.) paying at the basic subscriber rate + Number of bulk-rate customers + Number of courtesy and free service. (NOTE: Bulk-Rate Customers = total annual bulk rate charge + basic annual subscription rate for individual households).

Block (11) - PAYER FRN:

- Enter the fee payer's FRN number.

Block (21) - APPLICANT FRN:

- If different from payer, enter the applicant's FRN number.

Block (23A) - FCC CALL SIGN/OTHER ID:

- Enter your Community Unit Identification number (CUID) for reporting subscribers in each community unit within your system. CUIDs must be entered in the following format: a two-digit state code followed immediately by four numbers (e.g. AL0002). Please do not add any dashes (-). This Block must be completed for each CUID.
- Enter the call sign for each CARS license. Call signs must be entered in one of the two following formats: for fixed stations, the call sign is generally comprised of three letters, followed by a dash, followed by two or three numbers (e.g. WAL-504). For mobile licenses, the call sign is generally comprised of two letters, followed by a dash, followed by five numbers (e.g. KB-60111). This Block must be completed for each CARS license.

Block (24A) - PAYMENT TYPE CODE:

- Enter 0371 when paying a subscriber fee. Subscriber information must be provided for each CUID in which the system is operated.
- Enter 0370 when making a regulatory fee payment for a CARS license.

Block (25A) - QUANTITY:

- For subscriber fees enter the number of subscribers within each CUID. For CARS licensees, enter "1" in this block for each call sign.

Block (27A) - TOTAL FEE:

- For subscriber fees (payment type code 0371), multiply the amount in Block 25A (Quantity) by \$0.66 and enter the result here. Enter exact dollars and cents; do not round.
- For CARS licenses (payment type code 0370) enter \$90.00.

Block (28A) - FCC CODE 1: Leave this block blank.

Block (29A) - FCC CODE 2:

- For subscriber fees only (payment type code 0371), provide the name of the community. Community names are not a substitute for the community unit identifier (CUID). You must also provide your CUID in Block 23A (FCC CALL SIGN/OTHER ID).

Block (30) - CERTIFICATION:

- Provide the printed name and signature of an individual owner/licensee or officer attesting to the accuracy and completeness of the information supplied.

Please include a daytime telephone number so that we can contact you if questions arise regarding your payment.

-FCC-



PUBLIC NOTICE

FEDERAL COMMUNICATIONS COMMISSION
445 12th STREET, S.W.
WASHINGTON, D.C. 20554

News media information 202/418-0500 Fax-On-Demand 202/418-2830 Internet: <http://www.fcc.gov> · ftp.fcc.gov

August 5, 2002

FY 2002 Cable Television System Regulatory Fees

The Federal Communications Commission issues this Public Notice to provide information concerning the payment of regulatory fees in FY 2002. If you are an operator of a cable television system or a licensee of a cable television relay service (CARS), you should carefully read this Public Notice. If you have a broadcast auxiliary service, please refer to the Media Services Regulatory Fees public notice located at the following website (www.fcc.gov/fees/regulatorvfees) for the payment amount of this service.

WHO MUST PAY REGULATORY FEES IN FY 2002

Cable television systems operating on December 31, 2001 must pay regulatory fees per subscriber in FY 2002. All cable television systems must pay regulatory fees of \$0.53 per subscriber for each community unit in which it operates. Additionally, each licensee of a CARS facility operating on October 1, 2001 must pay a \$65.00 fee for each CARS license held. In instances where a service license or authorization is transferred or assigned after December 31, 2001, the fee must be paid by the party that is the licensee or holder of the authorization on the date that the fee payment is due.

A regulatee is also responsible for summing the amounts of fees associated with all of its various services. This sum will determine whether the regulatee qualifies for an exemption from fee payment. If the sum of the fee amounts for all of the regulatee's services is less than \$10, then the regulatee is exempt from paying the fee.

Government entities are not required to pay regulatory fees and should not submit payment. Non-profit entities may also be exempt. *The Commission requires that each exempt entity submit, or have on file with the Commission, a valid IRS Determination Letter documenting its nonprofit status or certification from a governmental authority attesting to its exempt status.*

WHY THE COMMISSION MUST COLLECT REGULATORY FEES

The requirement to collect annual regulatory fees from cable television systems is contained in Public Law 103-66, "The Omnibus Budget Reconciliation Act of 1993." These regulatory fees, which are likely to change each fiscal year, are used to offset costs associated with the Commission's enforcement, public service, international and policy and rulemaking activities. These fees are in addition to any application processing fees associated with obtaining a license or other authorization from the Commission.

WHEN FEES WILL BE DUE

FEE PAYMENTS MAY BE SUBMITTED PRIOR TO SEPTEMBER 10, 2002

Regulatory fee payments may be made to Mellon Bank at any time through September 25, 2002. Payments received after 11:59 PM on September 25, 2001 will be assessed a 25% late payment fee. As in previous years, there will be a formal window for the acceptance of regulatory fees between September 10, 2002 and September 25, 2002. However, unlike in prior years, the Commission will, for the convenience of payers, accept fee payments made in advance of that window.

TYPE OF FEE	REGULATORY FEE PAYMENT	FEE CODE
Cable System Subscriber Fee	\$0.53 per subscriber	0271
CARS License	\$65 per license	0270

IMPORTANT FY 2002 CHANGES FOR REGULATORY FEE FILERS

The Remittance Advice, FCC Form 159 was revised in February 2000 to accept payer and applicant FCC Registration Numbers (FRN). Only this version of the FCC Form 159 will be acceptable. Effective December 3, 2001, the use of the FRN became mandatory. If there is no FRN present on Form 159, the FCC will send the filer a letter notifying them that the payment was received without an FRN and that proper credit for the payment will not occur until the FRN is provided. Regulatory fee payments received without an FRN will be retained by the Agency. Also, please note that a separate FCC Form 159 is required for each licensee FRN.

If you do not yet have an FRN, you can obtain one through the FCC website listed below, or by completing FCC Form 160 (CORES Registration Form) enclosed in this public notice and submitting the registration form along with your payment and Remittance FCC Form 159. Please note that future transactions with the FCC will require the use of the FCC FRN number. Therefore, please have this number available when contacting or submitting documents to the FCC. If you

need assistance regarding your FRN, please contact the CORES Helpdesk at 1-977-480-3201.

If you were registered in the Wireless Telecommunications Bureau's Universal Licensing System (ULS) and your registration included all the information we needed to issue a FRN number, we pre-registered you and mailed you your FRN. You may check the Commission Registration System (CORES) to determine if you are still registered, or if you have forgotten your registration number.

To obtain a Registration Number (FRN):

- Register at www.fcc.gov, click on the CORES Registration link in the left margin.
- File FCC Form 160, (CORES Registration) which is included in this package. You may obtain the form at <http://www.fcc.gov/formpage.html> or by calling the FCC's CORES Helpdesk at 1-877-480-3201. You may also pick up the form in Commission Room TW-B200. Mailing instructions are on the form.

To search for an FRN:

- To check your pre-assigned number at www.fcc.gov, click on CORES Registration link in the left margin.

If you are unable to register electronically, you can still submit your application for a FRN (FCC Form 160) directly to Mellon Bank (along with your filing documents and payment). Mellon Bank will register you and you will receive a confirmation letter from the FCC through the U.S. Postal Service mail. Your regulatory fees will be credited to that FRN.

In previous years, the Commission has permitted the rounding of fee payments to the nearest whole dollar. Inconsistencies between the amount paid and the sum of fees for the associated licenses have caused problems in processing payments timely and accurately. Beginning in FY 2002, we are asking all payees to pay the exact dollar and cents amount due for each entry on FCC Form 159, and when filing the regulatory fee electronically using the FeeFiler program. The use of exact dollar and cents for each entry will ensure that the payment is credited properly.

Please also note that Regulatory Fee Payment Type Codes change each year with respect to the first two digits of the code referencing the year. For example, last year's code of "0112" is now "0212" for FY 2002. In addition to being listed on page 2 of this notice, the codes for FY 2002 are also listed in the back of this notice under the section, Special Instructions for Completing FCC Forms 159 and 159-C. To assure proper credit for your regulatory fees, please be sure to use the appropriate codes for FY 2002.

FCC FORM 159 (Revised February 2000)

Regulatory fee payments must be accompanied by FCC Form 159 ("FCC Remittance Advice"). A copy of this form, with specific instructions, is attached to this Public Notice and may be used to submit fees. Reproduced forms are acceptable. Please see "Special Instructions for Completing FCC

Forms 159 and 159-C" for detailed information on how to correctly complete these forms. You must list each entity separately on Forms 159/159-C. Written attachments are not acceptable. Failure to properly complete FCC Form 159/159-C will delay the processing of your regulatory fee payment.

To obtain a revised Remittance Advice FCC Form 159:

- A revised Remittance Advice FCC Form 159 is included in this package
- Go to <http://www.fcc.gov/formpage.html>.
- Call the FCC's Form Distribution Center at 1-800-418-FORM [3676].
- Pick up the form at the Commission in Room IW-B200

Any regulatee may submit the FCC Form 159 information electronically by accessing the FCC website: www.fcc.gov/fees. Information on how to file electronically using the Commission's fee filer system will be made available on a subsequent public notice.

WHERE TO SEND REGULATORY FEE PAYMENTS

Please Note: Failure to remit payment to either of the above addresses by mail or courier can delay the timely filing of your regulatory fee payment by the deadline date of September 25, 2002. Payments that are misdirected to the Federal Communications Commission will be forwarded to Mellon Bank. However, this could result in a late filing and subject to a 25% late payment fee.

If sending your regulatory fee payment by mail, please address your envelope as follows:

**Federal Communications Commission
Regulatory Fees
P.O. Box 358835
Pittsburgh, PA 15251-5835**

If you prefer to send your regulatory fee payment by courier to our lockbox bank, you may do so 24 hours each business day (except Federal or bank holidays). Please address your envelope and deliver it to the following address. Since the courier will be delivering the payment inside their own envelope, it may be helpful to include the mailing address above on the outside of your payment envelope.

**Federal Communications Commission
Regulatory Fees
c/o Mellon Client Service Center
500 Ross Street, Room 670
Pittsburgh, PA 15262-0001
(Attention: FCC Module Supervisor)**

METHOD OF PAYMENT

Regulatory fee payments may be made by check or money order, payable to the "Federal Communications Commission", or by the following credit cards (Visa, Mastercard, Discover, and American Express). All credit card fax transmittals must be directed to (412) 209-6045. When paying by credit card, please make sure you complete and sign Block 31 of FCC Form 159. Payments may also be made by wire transfer or by ACH payment. Instructions are provided below.

NOTE: We encourage arrangements to consolidate regulatory fee payments either by a single entity or by different entities into a single payment instrument. Consolidated fee payments may cover any number of service categories. Payers who will be making a single payment for a significant number of entities and wish to submit their payment information electronically in lieu of submitting a large number of FCC Forms 159-C ("Advice Continuation Sheets") may do so by accessing the FCC website: <http://www.fcc.gov/fees/fee/fee.html>. Specific instructions regarding diskette submission will be issued separately. No more than twenty-five (25) FCC Form 159-C's should be manually submitted for payment. If more than twenty-five (25) FCC Form 159-C's are to be submitted, we encourage the public to file the information electronically through the fee filer program. Only properly filled out FCC Form 159's will be accepted. Attached listings of call signs or other FCC identifiers will not be accepted.

WIRE TRANSFER PAYMENT INSTRUCTIONS

A wire transfer is a transaction that you initiate via your bank. It authorizes your bank to wire funds from your account to our lockbox bank, at Mellon Bank in Pittsburgh, PA. All payments made by wire transfer (payable to the "Federal Communications Commission") must be supported by a completed FCC Remittance Advice (FCC Form 159) and Advice Continuation Sheet (FCC Form 159-C), if required. The FCC Form 159 must be faxed to FCC Module - Regulatory Fees (Mellon Bank) at (412) 209-6045 at least one hour before the wire transfer on the same business day. Indicate on the top of the FCC Form 159 "Wire Transfer - Regulatory Fee Payment." In Box (1) - Lockbox#, located at the upper left hand corner, indicate "358835." Failure to submit the completed FCC Form 159 at least one hour prior to wiring payment will result in a delay in crediting your account. Due to Federal Reserve regulations, wire transfers received after 6:00 p.m. (EDT) will be credited the next business day.

The following information should be provided to your bank to complete the wire transfer:

ABA Routing Number 043000261

Receiving Bank: Mellon Pittsburgh

BNF: FCC/ACV-9116106

OBI Field: (Skip one space between each information item)

"REGULATORYPAY"

PAYER FRN (Exactly as on FCC Form 159, Block #11)

PAYER NAME (Exactly as on FCC Form 159, Block #2)

Phone: (Daytime Phone #, exactly as on FCC Form 159, Block #9)

LOCKBOX 358835

ACH DEBIT PAYMENT INSTRUCTIONS

If you are interested in using Mellon Bank's Customer Initiated Payment Program (CIP), a brief application form must be completed and a personal identification number (PIN) issued by the bank. Arrangements for using this process must be completed 14 days prior to submitting payment of the regulatory fee. After you have been set up for this program, you must submit your payment by September 24, 2002 to ensure that your payment is processed by the deadline date of September 25, 2002. Please use the FCC's website to obtain information and a copy of the Customer Initiated Payment Program (CIP) package. The website is located at www.fcc.gov/fees, and you should search the left side of the screen margin for Customer Initiated Payment Program (CIP). You can also contact the Revenue and Receivable Operations Group at (202) 418-1995 to request a Customer Initiated Payment Program Package.

COMPLIANCE

Please make sure your total remittance and the amount indicated on the FCC Form 159 are in agreement. Failure to do so will delay processing. Licensees are solely responsible for accurately accounting for all licenses and for paying proper regulatory fees. Any data omission, erroneous or incomplete data submission, or payment deficiency may result in a **25% monetary penalty**, dismissal of pending actions, and/or revocation of any authorization. You are strongly urged to submit your payments on time and accurately in order to avoid a penalty. Additionally, the Commission will invoke any lawful authority it may possess under the Debt Collection Improvement Act of 1996 to collect any fees due or outstanding against any licensee failing to meet its regulatory fee payment obligations.

WAIVERS, REDUCTIONS AND DEFERMENTS OF REGULATORY FEES

The Commission will consider requests for waivers, reductions or deferments of regulatory fees, in extraordinary and compelling circumstances only, upon a showing that such action overrides the public interest in reimbursing the Commission for its regulatory costs. Your regulatory fee must be paid by the due date even if a request is made for a waiver or reduction. This will ensure efficient collection in situations where a waiver or reduction is not warranted and will allow the requestor to avoid a **25% late-payment penalty** if its request is denied. The regulatory fee will be refunded later if the request is granted. Only in exceptional or compelling instances (where payment of the regulatory fee along with the waiver or reduction request could result in the reduction of community service or financial hardship to the licensee) will the Commission accept a petition to defer payment along with a waiver or reduction request. All requests for deferments must be received by September 25, 2002 in order to avoid the **25% late-payment penalty**. Please submit your written waiver or reduction request to the following address:

Office of the Managing Director
Federal Communications Commission
445 12th Street, S.W., Room 1-A625
Washington, D.C. 20554
attn: Regulatory Fee Waiver/Reduction Request

However, submit your regulatory fee payment to the address on page 4 of this Public Notice.

ADDITIONAL INFORMATION

Applicable Public Notices, and FCC Forms 159 and 159-C are available from the FCC Consumer Information Center and can be downloaded from the Internet (<http://www.fcc.gov> or ftp@fcc.gov). Text of the Assessment and Collection of Regulatory Fees for Fiscal Year 2002, Report and Order, including the entire Schedule of Regulatory Fees, can be downloaded from the Internet located at http://www.fcc.gov/fees/regulatory_fees. Forms may also be obtained by contacting the Forms Hotline at (800) 418-FORM (3676) outside the Washington, D.C. area, or (202) 418-3676 locally. For additional information, please contact the Commission's Consumer Information Center at (888) 225-5322, or write to: Federal Communications Commission, ATTN: Consumer Information Center, 445 12th Street, S.W., Washington, D.C., 20554.

PAYMENT PROCEDURES FOR CABLE TELEVISION SYSTEMS

Subscriber Fees

All cable television systems are subject to a fee of \$0.53 per subscriber¹. A system's total subscriber fee can be determined by multiplying \$0.53 times the number of subscribers as of December 31, 2001, within all community units in which it operates. You may pay for multiple community units with a single payment as long as the community units are all part of the same cable system or part of a group of commonly-owned cable systems. However, you must still list each individual community unit identifier (CUID).

CARS

Cable systems holding CARS licenses must pay a regulatory fee of \$65.00 for each CARS held as of October 1, 2001. NOTE: One payment may be submitted for all regulatory fee obligations (i.e., "subscriber fees" and all Cable Television Relay Service licenses). However, you must still list each individual community unit identifier (CUID) and CARS call sign.

¹ Number of Subscribers in a Community Unit = Number of single family dwellings + Number of individual households in multiple dwelling units (e.g., apartments, condominiums, mobile home parks, etc.) paying at the basic subscriber rate + Number of bulk-rate customers + Number of courtesy and free service (NOTE: Bulk-Rate Customers = total annual bulk rate charge + basic annual subscription rate for individual households).

Payment Due Date

FEE PAYMENTS MAY BE SUBMITTED PRIOR TO SEPTEMBER 10, 2002

Regulatory fee payments may be made to Mellon Bank at any time through September 25, 2002. Payments received after 11:59 PM on September 25, 2002 will be assessed a 25% late payment fee. As in previous years, there will be a formal window for the acceptance of regulatory fees between September 10, 2002 and September 25, 2002. However, unlike in prior years, the Commission will, for the convenience of payers, accept fee payments made in advance of that window.

SPECIAL INSTRUCTIONS FOR COMPLETING FCC FORMS 159 AND 159-C

FCC Form 159 ("FCC Remittance Advice") and, as necessary, FCC Form 159-C ("Advice Continuation Sheet") must accompany all regulatory fee payments. FCC Form 159 allows payers to report information on one or more payment items (e.g., multiple community units, CARS licenses, or any combination). Use FCC Form 159-C to report additional community units or licenses.

FCC Forms 159 and 159-C have been attached to this Public Notice for you to complete and remit with your payment. Payers filing electronically must include information equivalent to the items on the FCC Forms 159 and 159-C. You may make additional copies of the forms as required. In addition to the instructions for FCC Form 159, the following information applies specifically to cable television payers:

Block (9) - "Telephone Number":

- Enter the contact name and telephone number of the specific individual responsible for submitting the payment and supporting FCC Form 159 and Form 159-C.

Block (11) - "PAYER FRN":

- Enter the fee payer's FRN number.

Block (21) - "APPLICANT FRN":

- If different from payer, enter the applicant's FRN number.

Block (23A) - "FCC CALL SIGN/OTHER ID":

- Enter your Community Unit Identification number (CUID) for reporting subscribers in each

community unit within your system. CUIDs must be entered in the following format: a two-digit state code followed immediately by four numbers (e.g. AL0002). Please do not add any dashes (-). THIS BLOCK MUST BE COMPLETED FOR EACH COMMUNITY UNIT.

- Enter your call sign for CARS licenses. Call signs must be entered in one of the two following formats: for fixed stations, the call sign is generally comprised of three letters, followed by a dash, followed by two or three numbers (e.g. WAL-504). For mobile licenses, the call sign is generally comprised of two letters, followed by a dash, followed by five numbers (e.g. KB-60111). THIS BLOCK MUST BE COMPLETED FOR EACH CARS LICENSE.

Block (24A) - "PAYMENT TYPE CODE":

- 0271: Use this code when paying a subscriber fee (\$0.53 per subscriber). Please note that subscriber information must be provided for each community unit in which the system is operated.
- 0270: Use this code when making a regulatory fee payment for a CARS license (\$65.00 per license).

Block (25A) - "QUANTITY":

- > For subscriber fees (payment type code 0271) enter the number of subscribers within each community unit. For CARS licensees (payment type code 0270), enter "1" in this block for each call sign.

Block (27A) - "TOTAL FEE":

- > For subscriber fees (payment type code 0271), multiply the amount in Block 25A ("Quantity") by \$0.53 and enter the result here. Please enter exact dollars and cents and do not round.
- > For CARS licensees (payment type code 0270) enter \$65.00.

Block (28A) - "FCC CODE 1":

- > LEAVE BLANK.

Block (29A) - "FCC CODE 2":

- > For subscriber fees only (i.e., payment type code 0271), provide the name of the community unit. Community names are not a substitute for the community unit identifier (CUID). You must also provide your CUID in Block 23A - "FCC CALL SIGN/OTHER ID."

Block (30) - "CERTIFICATION":

- > Provide the printed name and signature of an individual owner/licensee or officer attesting to the accuracy and completeness of the information supplied.

Please remember to include a daytime telephone number so that the Federal Communications Commission can contact you if questions arise regarding your payment.

- FCC -

Module H: True-Up Adjustment Calculation

Line	Line Description	a Basic	b Tier 2	c Tier 3	d Tier 4	e Tier 5
Adjustment For True-Up Period 1						
H1	Revenue From Period 1	49,565,222.26				
H2	Revenue From Max Permitted Rate for Period 1	49,259,354.21				
H3	True-Up Period 1 Adjustment [H2-H1]	(\$305,868.05)				
H4	Interest on Period 1 Adjustment	(\$29,320.32)				
Adjustment For True-Up Period 2						
H5	Revenue From Period 2 Eligible for Interest					
H6	Revenue From Max Perm Rate for Period 2 Eligible For Interest					
H7	Period 2 Adjustment Eligible For Interest [H6-H5]					
H8	Interest on Period 2 Adjustment (See instructions for formula)					
H9	Revenue From Period 2 Ineligible for Interest					
H10	Revenue From Max Perm Rate for Period 2 Ineligible for Interest					
H11	Period 2 Adjustment Ineligible For Interest [H10-H9]					
Total True-Up Adjustment						
H12	Previous Remaining True-Up Adjustment / TRUE-UP INTEREST ON FRANCHISE-RELATED COSTS	\$292,981.12				
H13	Total True-Up Adjustment [H3+H4+H7+H8+H11+H12]	(\$42,207.25)				
H14	Amount of True-Up Claimed For This Projected Period	(\$42,207.25)				
H15	Remaining True-Up Adjustment [H13-H14]	\$0.00				

Part III: Projected Period Module I: New Maximum Permitted Rate

Line	Line Description	a Basic	b Tier 2	c Tier 3	d Tier 4	e Tier 5
I1	Caps Method Segment For Projected Period [Wks 2]					
I2	Markup Method Segment For Projected Period [Wks 3]	\$0.0700				
I3	Chan Mvmt Deletn Segment For Projected Period [Wks 4/5]	(\$1.6478)				
I4	Proj. Period Rate Eligible For Inflation [D8+F5+G5+I1+I2+I3]	\$13.4582				
I5	Inflation Segment for Projected Period [(I4*C5)-I4]	\$0.3042				
I6	Headend Upgrade Segment For Projected Period [Wks 6]					
I7	External Costs Segment For Projected Period [Wks 7]	\$2.3064				
I8	True-Up Segment For Projected Period	(\$0.0160)				
I9	Max Permitted Rate for Projected Period [I4+I5+I6+I7+I8]	\$16.0527	\$16.3213	(\$0.2686)		
I10	Operator Selected Rate For Projected Period	\$16.3200				
I11	Franchise-related Costs Included in MPR (Line I9)	\$1.4734				
I12	MPR excluding Franchise-related Costs [I9 - I11]	\$14.5794				

Note: The maximum permitted rate figures do not take into account any refund liability you may have. If you have previously been ordered by the Commission or your local franchising authority to make refunds, you are not relieved of your obligation to make such refunds even if the permitted rate is higher than the contested rate or your current rate.

Certification Statement

WILLFUL FALSE STATEMENTS MADE ON THIS FORM ARE PUNISHABLE BY FINE AND/OR IMPRISONMENT (U.S. CODE TITLE 18, SECTION 1001), AND/OR FORFEITURE (U.S. CODE, TITLE 47, SECTION 503).

I certify that the statements made in this form are true and correct to the best of my knowledge and belief, and are made in good faith.

Signature _____ Date 3/31/2004

Filing Signed by Craig A. Schmid

Name and Title of Person Completing this Form: Craig A. Schmid, Senior Director of Regulatory Affairs for the Atlantic Division

Telephone number (410) 931-4600 Fax Number (410) 931-6750

Module D: Calculating the Base Rate

Line	Line Description	a Basic	b Tier 2	c Tier 3	d Tier 4	e Tier 5
D1	Current Headend Upgrade Segment					
D2	Current External Costs Segment	\$3.2006				
D3	Current Caps Method Segment					
D4	Current Markup Method Segment	\$0.0700				
D5	Current Channel Movement and Deletion Segment	(\$0.3994)				
D6	Current True-Up Segment	\$1.2095				
D7	Current Inflation Segment	\$0.1446				
D8	Base Rate [A1-D1-D2-D3-D4-D5-D6-D7]	\$14.7884				

Part II: True-Up Period Module E: Timing Information

Line	Line Description	
E1	What Type of True-Up Is Being Performed? (Answer "1", "2", or "3". See Instructions for a description of these types.) If "1", go to Module L. If "2", answer E2 and E3. If "3", answer E2, E3, E4, and E5.	2
E2	Number of Months in the True-Up Period 1	12
E3	Number of Months between the end of True-Up Period 1 and the end of the most recent Projected Period	4
E4	Number of Months in True-Up Period 2 Eligible for Interest	0
E5	Number of Months True-Up Period 2 Ineligible for Interest	0

Module F: Maximum Permitted Rate For True-Up Period 1

Line	Line Description	a Basic	b Tier 2	c Tier 3	d Tier 4	e Tier 5
F1	Caps Method Segment For True-Up Period 1 [Wks 2]					
F2	Markup Method Segment For True-Up Period 1 [Wks 3]	\$0.0700				
F3	Chan Mvmnt Deletn Segment For True-Up Period 1 [Wks 4/5]	(\$0.3994)				
F4	True-Up Period 1 Rate Eligible For Inflation [D8+F1+F2+F3]	\$14.459				
F5	Inflation Segment for True-Up Period 1 [(F4*C3)-F4]	\$0.2476				
F6	Headend Upgrade Segment For True-Up Period 1 [Wks 6]					
F7	External Costs Segment For True-Up Period 1 [Wks 7]	\$2.7497				
F8	True-Up Segment For True-Up Period 1	\$1.1975				
F9	Max Perm Rate for True-Up Period 1 [F4+F5+F6+F7+F8]	\$18.6538				

Module G: Maximum Permitted Rate For True-Up Period 2

Line	Line Description	a Basic	b Tier 2	c Tier 3	d Tier 4	e Tier 5
G1	Caps Method Segment For True-Up Period 2 [Wks 2]					
G2	Markup Method Segment For True-Up Period 2 [Wks 3]					
G3	Chan Mvmnt Deletn Segment For True-Up Period 2 [Wks 4/5]					
G4	TU Period 2 Rate Eligible For Inflation [D8+F5+G1+G2+G3]					
G5	Inflation Segment for True-Up Period 2 [(G4*C4)-G4]					
G6	Headend Upgrade Segment For True-Up Period 2 [Wks 6]					
G7	External Costs Segment For True-Up Period 2 [Wks 7]					
G8	True-Up Segment For True-Up Period 2					
G9	Max Perm Rate for True-Up Period 2 [G4+G5+G6+G7+G8]					

8. Status of Previous Filing of FCC Form 1210 (enter an "x" in the appropriate box)

a. Has an FCC Form 1210 been previously filed with the FCC?

YES	NO
X	

If yes, enter the date of the most recent filing: 10/02/95 (mm/dd/yy)

b. Has an FCC Form 1210 been previously filed with the Franchising Authority?

YES	NO
X	

If yes, enter the date of the most recent filing: 10/02/95 (mm/dd/yy)

9. Status of FCC Form 1200 Filing (enter an "x" in the appropriate box)

a. Has an FCC Form 1200 been previously filed with the FCC?

YES	NO
X	

If yes, enter the date filed: 09/06/94 (mm/dd/yy)

b. Has an FCC Form 1200 been previously filed with the Franchising Authority?

YES	NO
X	

If yes, enter the date filed: 09/06/94 (mm/dd/yy)

10. Cable Programming Services Complaint Status (enter an "x" in the appropriate box)

a. Is this form being filed in response to an FCC Form 329 complaint?

YES	NO
	X

If yes, enter the date of the complaint: (mm/dd/yy)

11. Is FCC Form 1205 Being Included With This Filing

YES	NO
X	

12. Selection of "Going Forward" Channel Addition Methodology (enter an "x" in the appropriate box)

☐ Check here if you are using the original rules [MARKUP METHOD].

☒ Check here if you are using the new, alternative rules [CAPS METHOD].

If using the CAPS METHOD, have you elected to revise recovery for channels added during the period May 15, 1994 to Dec. 31, 1994?

YES	NO
	X

13. Headend Upgrade Methodology

*NOTE: Operators must certify to the Commission their eligibility to use this upgrade methodology and attach an equipment list and depreciation schedule.

☐ Check here if you are a qualifying small system using the streamlined headend upgrade methodology.

Part I: Preliminary Information

Module A: Maximum Permitted Rate From Previous Filing

Line	Line Description	a Basic	b Tier 2	c Tier 3	d Tier 4	e Tier 5
A1	Current Maximum Permitted Rate	\$19.0137				

Module B: Subscribership

Line	Line Description	a Basic	b Tier 2	c Tier 3	d Tier 4	e Tier 5
B1	Average Subscribership For True-Up Period 1	220,060				
B2	Average Subscribership For True-Up Period 2					
B3	Estimated Average Subscribership For Projected Period	219,292				

Module C: Inflation Information

Line	Line Description	
C1	Unclaimed Inflation: Operator Switching From 1210 To 1240	1.0000
C2	Unclaimed Inflation: Unregulated Operator Responding to Rate Complaint	1.0000
C3	Inflation Factor For True-Up Period 1 [Wks 1]	1.0171
C4	Inflation Factor For True-Up Period 2 [Wks 1]	
C5	Current FCC Inflation Factor	1.0226

6/1/05

FCC FORM 1240 DRAFT

UPDATING MAXIMUM PERMITTED RATES FOR REGULATED CABLE SERVICES

Cable Operator:

Name of Cable Operator		
COMCAST CABLE OF MARYLAND, INC.		
Mailing Address of Cable Operator		
20 WEST GUDE		
City	State	ZIP Code
ROCKVILLE	MD	20850

1. Does this filing involve a single franchise authority and a single community unit?

YES NO

	X
--	---

If yes, complete the franchise authority information below
and enter the associated CUID number here:

--

YES NO

X	
---	--

2. Does this filing involve a single franchise authority but multiple community units?

If yes, enter the associated CUIDs below and complete the franchise authority information at the bottom of this page:

--

3. Does this filing involve multiple franchise authorities?

If yes, attach a separate sheet for each franchise authority and include the following franchise authority information with its associated CUID(s):

Franchise Authority Information:

Name of Local Franchising Authority		
MONTGOMERY COUNTY CABLE OFFICE		
Mailing Address of Local Franchising Authority		
100 MARYLAND AVENUE, 3RD FLOOR		
City	State	ZIP Code
ROCKVILLE	MD	20850
Telephone number	Fax Number	
(240) 777-3636	(240) 777-3770	

4. For what purpose is this Form 1240 being filed? Please put an "X" in the appropriate box.

- a. Original Form 1240 for Basic Tier
b. Amended Form 1240 for Basic Tier
c. Original Form 1240 for CPS Tier
d. Amended Form 1240 for CPS Tier

X

5. Indicate the one year time period for which you are setting rates (the Projected Period).

TO	
07/01/04	06/30/05

(mm/yy)

6. Indicate the time period for which you are performing a true-up.

TO	
03/01/03	02/28/04

(mm/yy)

7. Status of Previous Filing of FCC Form 1240 (enter an "x" in the appropriate box)

- a. Is this the first FCC Form 1240 filed in any jurisdiction?
b. Has an FCC Form 1240 been filed previously with the FCC?

YES NO

	X
X	

If yes, enter the date of the most recent filing:

11/20/98	(mm/dd/yy)
----------	------------

YES NO

- c. Has an FCC Form 1240 been filed previously with the Franchising Authority?

X	
---	--

If yes, enter the date of the most recent filing:

04/01/02	(mm/dd/yy)
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ASHPAUGH & SCULCO, CPAs, PLC
Certified Public Accountants and Consultants

March 28, 2005

AS1011-15

Frederick E. Ellrod III, Esquire
Miller & Van Eaton, P.L.L.C.
Suite 1000
1155 Connecticut Avenue, N.W.
Washington, D.C. 20036-4320

Subject: Reply to Comcast's Letter of March 21, 2005 Concerning the Report on the
2004 FCC Form 1240 Filed with Montgomery County, Maryland

Dear Mr. Ellrod:

Ashpaugh & Sculco, CPAs, PLC ("A&S") was provided a copy of Comcast's March 21, 2005 letter (the "Comments") to the County responding to the A&S report on the filed FCC Form 1240. The following will address the points raised by Comcast.

CHANNEL CHANGES

Comcast takes issue with the treatment of the change in channels in the A&S report. This is not a new issue; Comcast raised this issue in its appeal of the County's order addressing Comcast's 2003 rate filing (issued Jan. 23, 2004). Here, Comcast fails to explain that WGN is a new channel and was not on any tier of service before its addition to basic. This affects how the change must be handled under the FCC's rules, because the channel movement calculated in Worksheets 4 and 5 of the 1240 deals specifically with movement between tiers or deletion from a tier, while Worksheet 3 deals with new additions to the channel lineup. We have thus accounted for Comcast's removal of four channels from basic on Worksheets 4 and 5, but have handled the addition of WGN on Worksheet 3. Comcast's suggestion that two of these transactions (the addition and one deletion) should be combined as a "substitution" is not workable under the FCC's rules. As shown on the example (Attachment 1), Comcast's methodology would result in over-recovery of costs.

SUBSCRIBER COUNT

Comcast takes issue with the determination of the number of subscribers by A&S. Comcast states that "neither the Draft Order nor the Consultant's report explains how such 'subsidization' occurs." It is straightforward that subsidization would occur and this point has been explained to Comcast on a number of previous occasions. This is not a new issue; the County approved this methodology in the prior order and that issue was not appealed by Comcast.

Comcast recognizes franchise-related costs on Line 707 of Worksheet 7. If "free" subscribers are not included, the impact of franchise-related costs is spread across only paying

subscribers. Comcast provides free service to employees and complimentary accounts to others. The free service to employees is an employee benefit. The complimentary accounts are for marketing reasons, some associated with providing service to bulk accounts. It is not fair to all other subscribers to force them to pay for these decisions of Comcast – decisions that are really expenses of its doing business. Comcast's programming costs are also being subsidized. As discussed in our report under the heading of "Programming Expenses", some programming costs are flat fees and not determined on only paying subscribers. Comcast's methodology of not including these subscribers does create a subsidy borne by paying subscribers.

PROGRAMMING EXPENSE

Comcast takes issue with A&S's determination of programming expenses. It is curious that Comcast required A&S to maintain the confidentiality of the data by specifically identifying the data as confidential, and then took issue with A&S for not disclosing the supporting calculations for our determination of programming expense. Under Comcast's own request for confidentiality, A&S is not allowed to disclose the detail, as Comcast is well aware.

Comcast also states in footnote 20 that "Comcast attempted to contact the Consultant to discuss this issue" on March 18, 2005. Comcast left a phone message on that date, which was returned by A&S. Comcast's statement is confusing since Comcast had requested by an email on March 11 copies of the supporting data, which was provided that same day by A&S; an email was returned with all of the supporting files and calculations, which fully explained and further supported the amounts in the recalculated 1240.

Concerning the determination of the adjustment for launch fees, Comcast's footnote accurately describes the calculation. Dollars associated with each year were marked up 7.5% consistent with the treatment of programming in the 1240 and then interest of 11.25% was added for each year.¹ This accounts for the differences noted by Comcast in footnote 19.

FCC REGULATORY FEE

Comcast disputes the inclusion of the FCC Regulatory Fee ("FRF") in the 1240. Comcast does not dispute that the 1240 is set up to address this component. Instead, Comcast claims that this is a choice that it is allowed to make. We disagree. The FRF amount varies from year to year and varies from month to month. The FCC has now instituted a new methodology that estimates the FRF based on the estimated number of subscribers of the operator so that the direct link to actual cost per subscriber no longer exists. The only mechanism that the County has to ensure appropriate recovery of this cost component is in the 1240. This allows the County to review the support for the determination of the amount recovered in the County and then any under- or over-recovery to be handled in the

¹ Interest was figured at the FCC's 11.25% rate used in the 1240 for the true-up process.

Frederick E. Ellrod III, Esquire
Miller & Van Eaton, P.L.L.C.
March 28, 2005
Page 3 of 3

1240. Comcast's methodology does not provide any mechanism to handle over- or under-collections.

PROJECTED PERIOD COSTS

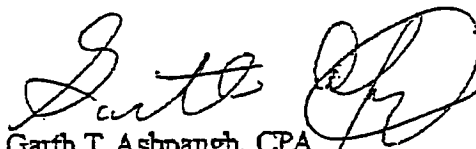
Comcast's comments concerning this point are surprising. The "projections" in the recalculated 1240 are specifically related to the adjustments in the True-Up Period and are consistent with Comcast's methodology. A&S recalculated programming expense, since Comcast had failed to include credits for bad debts and had used per subscriber amounts when the charge was a flat fee. Using the same methodology as Comcast, A&S then increased this adjusted amount 1.0% for the Projected Period, just as Comcast did. Comcast's filed 1240 used the same number of subscribers for the True-Up Period as it did for the Projected Period. This is the same method used by A&S in the recalculated 1240 (although, as discussed in our report, A&S recalculated the number of subscribers for the True-Up Period). This recalculation then also impacted the number for the Projected Period. On copyright fees and franchise-related costs, A&S used the same amounts and methodology as Comcast for the amounts in the Projected Period.

CONCLUSION

We recommend the County approve the rates determined from our analysis and recommended in our report. The County's order should state that if any information should become known to the County in the future which would impact these rates that the County can revisit this decision. The County should state that these are the maximum rates allowed for each service under the FCC's rules. If you have any questions or require any further information, please let me know.

Very truly yours,

ASHPAUGH & SCULCO, CPAs, PLC



Garth T. Ashpangh, CPA
President and Member

Hypothetical Example on Channel Movement

Prior to the deregulation of the CPST

Total number of channels		100	
Residual per channel		\$0.50	<u>Residual Recovery</u>
BSI	30	\$0.50	\$15.00
CPST	70	\$0.50	\$35.00
Total	100		\$50.00

Residual is the amount left after taking the total amount billed and backing out external costs (programming, copyright fees and franchise-related costs). The residual is the amount the operator receives to recover costs of infrastructure (wires, buildings, head-end equipment, vehicles, etc.) and expenses (salaries, rent, taxes, maintenance, depreciation, etc.) associated with providing programming. For example, assume the operator charges \$20.00 for the BSI. Since the residual is \$15.00 (30 x \$.50) the external cost component is \$5.00. Now when the operator moves a channel off of the BSI and adds it to the CPST, the operator must move the programming costs, but also needs to move the residual in order to keep it balanced.

Moved one channel from BST to CPST			<u>Residual Recovery</u>
BSI	29	\$0.50	\$14.50
CPST	71	\$0.50	\$35.50
Total	100		\$50.00

Since the deregulation of the CPST, this formulaic relationship is still assumed in the regulation of the BSI, i.e., moving a channel from the BSI to the CPST still requires moving the residual, even though the operator can charge whatever rate it chooses for the CPST.

Moving 4 channels to CPST (starting with 30 on BST and 70 on CPST)			<u>Residual Recovery</u>
BSI	26	\$0.50	\$13.00
CPST	74	\$0.50	\$37.00
	100		\$50.00
Add 1 new BSI channel where the FCC rules allow an increase of \$0.01 (plus the cost of programming + 7.5%)			
BST New	1	\$0.01	\$0.01
BSI	26	\$0.50	\$13.00
CPST	74	\$0.50	\$37.00
Total	101		\$50.01
Operator still receives the same residual (\$50.00) plus \$0.01 for the new channel, in addition to external costs.			

Comcast's Methodology Filed 04/01/04 showed over-collection

If you did not move the residual -			<u>Residual Recovery</u>
BSI	27	\$0.50	\$13.50
CPST	74	\$0.50	\$37.00
Total	101		\$50.50
The operator would be over-collecting the residual on the BSI.			

franchise fees and of any add-on amount pursuant to Form 1235, but including all other franchise-related costs and the FCC regulatory fee.

(2) This Agreement shall not be interpreted to bind either party, or to waive either party's rights, with respect to the correct interpretation of the FCC's rules regarding channel changes for purposes of any past rate proceeding (including but not limited to Comcast's appeal of the County's January 23, 2004, rate order) or any future rate proceeding, but only with respect to the Rate Filing as that term is defined herein.

(b) Actual Rate for the Basic Tier

(1) Comcast shall maintain an actual rate no higher than \$16.06 for the BST, exclusive of all applicable franchise fees, but including all other franchise-related costs, the FCC regulatory fee, and any add-on amount pursuant to Form 1235. That rate shall remain in place through December 31, 2005. The amount of the \$16.06 actual rate attributable to the Form 1240 MPR shall be \$16.0527.

(2) The rates specified in Sections 1(a)(1) and 1(b)(1) are for the BST as it stood on January 1, 2005. Except as otherwise required by applicable federal, state, or local law, including but not limited to Sections 325(b), 614, and 615 of the Communications Act, as amended, 47 U.S.C. §§ 325(b), 534, and 535, or by matters beyond the control of Comcast, Comcast shall not remove any channels carried on the BST before July 1, 2006, unless Comcast and the County agree otherwise.

(c) Basic Tier Rate Resolution. The County will not seek any BST rate refunds or reductions for the 2004 Rate Period, provided that Comcast complies with all of the terms of this Agreement.

RATE AGREEMENT

THIS RATE AGREEMENT ("Agreement") is entered into by and between Montgomery County, Maryland ("County"), and Comcast of Potomac, LLC ("Comcast").

WHEREAS, Comcast of Potomac, LLC, a Delaware limited liability corporation, owns, operates and maintains a cable system in the County; and

WHEREAS, pursuant to federal law, the County regulates certain subscriber rates charged by Comcast in the County; and

WHEREAS, Comcast filed FCC Form 1240 (among other forms) with the County on April 1, 2004 (the "Rate Filing"); and

WHEREAS, the parties agree it is in the best interest of both parties, and the public, to resolve these disputes through a stipulation;

NOW, THEREFORE, in consideration of the terms and conditions set forth herein, the promises and undertakings herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, THE SIGNATORIES DO HEREBY AGREE AS FOLLOWS:

1. TERMS

(a) Maximum Permitted Rate for the Basic Tier

(1) The Maximum Permitted Rate ("MPR") for the BST for July 1, 2004, through June 30, 2005 (the "2004 Rate Period") shall be \$16.0527 exclusive of all applicable

(d) **Appeal of the County's Rate Order.** If the County issues a rate order regarding the Rate Filing in substantially the form attached hereto as Exhibit 1, Comcast shall not appeal that rate order.

(e) **2005 Refunds**

(1) No rate order issued by the County with respect to Comcast's April 1, 2005, Form 1240 rate filing shall require a refund with respect to the BST rate for the period from April 1, 2005, through December 31, 2005, provided that Comcast complies with all of the terms of this Agreement.

(2) This Agreement shall not be construed to prevent the County from requiring refunds pursuant to FCC regulations with respect to equipment or installation rates for the period covered by the April 1, 2005 Form 1240 rate filing (July 1, 2005 through June 30, 2006) (the "2005 Rate Period"); from requiring forward-looking rate reductions pursuant to FCC regulations for the 2005 Rate Period or any future period; or from determining a rate lower than \$16.06 pursuant to FCC regulations for the 2005 Rate Period and requiring such reduction to be taken into account as part of the true-up in Comcast's 2006 rate filing instead of requiring refunds.

(f) **Withdrawal of Appeal.** Within ten days after the date of this Agreement, Comcast and the County shall jointly submit a request to the FCC to withdraw Comcast's appeal of the County's January 23, 2004, rate order.

(g) **Disputes Regarding This Agreement.** The parties agree that this Agreement was developed as a reasonable resolution of disputes with respect to rates, compliant with applicable law and regulations. The parties waive any claim that this Agreement is not in conformance with FCC regulations. Neither Comcast nor any of its affiliates, nor the County,

shall file any claim or raise a defense that challenges any provision of this specific Agreement as being contrary to the Cable Communications Policy Act of 1984, 47 U.S.C., §§521, *et seq.*, as amended by the Cable Television Consumer Protection and Competition Act of 1992, Pub. L. No. 102-385, 106 Stat. 1460 (1992), and by the Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996), or to FCC regulations; nor will they participate with any other person or entity in any such challenge.

(h) **Effect of Rate Stipulation.** Comcast and County agree that the purpose of this Agreement is solely to resolve the dispute between them regarding the calculation of Comcast's regulated maximum permitted BST rate and that this Agreement does not constitute an admission of wrongdoing on the part of either party.

2. **REPRESENTATIONS AND WARRANTIES**

(a) **Authority.** Each person executing this Agreement on behalf of a corporation or other legal entity warrants and represents that he or she holds the position indicated beneath his or her signature and that he or she has been duly authorized by said corporation or other legal entity to execute this Agreement on its behalf. Each party warrants and represents that this Agreement is a valid, binding and enforceable obligation of that party and does not violate any law, rule, regulation, contract or agreement applying to that party.

(b) **Advice of Counsel.** Each party to this Agreement acknowledges and agrees that such party has been represented throughout the negotiation and documentation of this Agreement by attorneys of the party's choice and has been advised by such attorneys with respect to this Agreement. Each party to this Agreement further acknowledges and agrees that such party has read this Agreement, knows the contents of this Agreement and, in executing this Agreement, has relied solely on the party's own judgment, belief and knowledge, and the advice and

(e) **Time of the Essence.** In determining whether a party has complied with this

(f) **Governing Law.** This Agreement shall be governed in all respects by the law of

(g) **Amendment.** This Agreement may not be amended except by written agreement

(h) **Counterparts.** This Agreement may be executed in any number of copies by the

(i) **Effective Date.** This Agreement shall be effective upon execution of the

AGREED TO THIS 3rd DAY OF June, 2005

Montgomery County, Maryland

MOVED AS TO FORM AND LEGALITY
OF THE COUNTY ATTORNEY

By:

Douglas M. Duncan
County Executive

Comcast of Potomac, LLC

By:

Craig A. Snedeker
Area Vice President/General Manager

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recommendations of the party's attorneys concerning this Agreement, and has not been induced to enter into this Agreement by any representation or statement of any other party not expressly contained in this Agreement.

3. MISCELLANEOUS

(a) **Assignment.** This Agreement is binding upon and shall inure to the benefit of the parties and their respective successors and assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party.

(b) **Severability.** If any provision of this Agreement is held to be invalid or unenforceable to any extent, the remainder of this Agreement shall be valid in all other respects and continue to be effective.

(c) **Integration.** This Agreement sets forth the entire agreement between the parties relating to the subject matter of this Agreement. All agreements, covenants, representations and warranties, express or implied, oral or written, of the parties with regard to the subject matter hereof are contained in this Agreement and the documents referred to herein. No other agreements, covenants, representations or warranties, express or implied, oral or written, have been made by any party to any other party with respect to the subject matter of this Agreement. All prior and contemporaneous conversations, negotiations, possible and alleged agreements, representations, covenants and warranties with respect to the subject matter hereof are waived, merged in this Agreement and superseded by it.

(d) **Captions.** The captions and headings of this Agreement are for convenience and reference purposes only, and shall not affect in any way the meaning and interpretation of any provisions of this Agreement.

(e) **Time of the Essence.** In determining whether a party has complied with this Agreement, the parties agree that time is of the essence.

(f) **Governing Law.** This Agreement shall be governed in all respects by the law of Maryland.

(g) **Amendment.** This Agreement may not be amended except by written agreement signed by both parties.

(h) **Counterparts.** This Agreement may be executed in any number of copies by the parties to this Agreement on separate counterparts, and all separate counterparts shall constitute the same Agreement.

(i) **Effective Date.** This Agreement shall be effective upon execution of the Agreement by the County and Comcast.

AGREED TO THIS 3rd DAY OF June, 2005

Montgomery County, Maryland

By: _____
Douglas M. Duncan
County Executive

Comcast of Potomac, LLC

By: _____
Craig A. Snedeker
Area Vice President/General Manager

EXHIBIT 1: DRAFT COUNTY RATE ORDER

DRAFT

Set Cable Television Rates Pursuant
To FCC Form 1240

69-05

Technology Services
Office of Cable and Communication Services

346001

**ORDER OF THE COUNTY EXECUTIVE SETTING CABLE
TELEVISION RATES FOR THE BASIC SERVICE TIER PURSUANT TO
FCC FORM 1240 FILED APRIL 1, 2004**

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ATTACHMENT 1: REPORT OF ASHPAUGH & SCULCO, CPAs, PLC

ATTACHMENT 2: LETTER FROM GARTH T. ASHPAUGH TO FREDERICK E. ELLROD
III, DATED MARCH 28, 2005

ATTACHMENT 3: RATE AGREEMENT

ORDER OF THE COUNTY EXECUTIVE SETTING CABLE
TELEVISION RATES FOR THE BASIC SERVICE TIER PURSUANT TO
FCC FORM 1240 FILED APRIL 1, 2004

I. BACKGROUND

1. Under Section 623 of the Cable Communications Policy Act of 1984, 47 U.S.C. § 543, as amended ("Cable Act"), and Montgomery County Executive Regulation No. 50-93AM (Oct. 12, 1993) ("Executive Regulation" or "ER"), Montgomery County, Maryland ("County") is permitted to regulate rates for basic cable service and equipment (including installations).

2. The County initiated basic rate regulation on September 1, 1993.

3. On April 1, 2004, Comcast Cable of Potomac, LLC ("Comcast"), filed with the County FCC Form 1240, "Updating Maximum Permitted Rates for Regulated Cable Services," ("2004 Form 1240") under a cover letter dated March 31, 2004, seeking the County's approval of an increase in the maximum permitted rates for basic service.¹

4. The Office of Cable and Communication Services (the "Office") received and preliminarily reviewed the 2004 Form 1240 and published notice that such filing was available for public review and comment.

5. The County's financial consultant, Ashpaugh & Sculco, CPAs, PLC ("A&S"), reviewed Comcast's 2004 Form 1240. In the course of the A&S review, the County submitted its initial request for information to Comcast on April 15, 2004. Comcast provided a partial response on May 6, 2004. Subsequent requests and responses provided further information,

¹ On the same date, Comcast also made a nationally aggregated equipment filing on Form 1205 and filed for an add-on network upgrade rate increase on FCC Form 1235. Those forms are addressed in separate rate orders.

DRAFT

which is reflected in this Order and in a letter report from A&S dated March 9, 2005, appended as Attachment 1 ("A&S Report").

6. On March 10, 2005, the County delivered to Comcast a courtesy draft of this rate order for comment, including the A&S Report. Comcast submitted its comments on March 21, 2005, in the form of a letter from Gary S. Lutzker to Jane E. Lawton, dated March 21, 2005 ("Comcast Comments").

7. Federal Communications Commission ("FCC") rules place the burden on the cable operator to prove that its rates for basic service and equipment are reasonable under applicable federal law and regulations. 47 C.F.R. § 76.937(a). The County has given Comcast ample opportunity to provide the necessary support for its rates. Hence, to the extent Comcast has failed to carry its burden of proof, the County may establish Comcast's basic service tier ("BST") rate based on the best information available and the conclusions reached thereon by the County as the finder of fact.²

II. FINDINGS AND CONCLUSIONS

8. With respect to Comcast's 2004 Form 1240, the A&S Report concludes that certain adjustments are necessary in Comcast's Form 1240 pursuant to FCC regulations. In particular, the A&S Report adjusts the number of subscribers and the programming costs used in Comcast's calculation, including in the latter case reductions for launch fees received by Comcast. A&S Report at 1-2.

² See, e.g., *Comcast Cablevision of Tallahassee, Inc.: Appeal of Local Rate Order of City of Tallahassee, Fla.*, DA 95-1561, 10 FCC Rcd 7686 at ¶¶ 28-29, 37, 48-49, and 54 (1995).

A. Number of Subscribers

9. As with Comcast's 2003 filing, A&S found it necessary to adjust the company's subscriber count with respect to bulk subscriptions and subscribers who receive free service (for example, because they are employees, or for promotional reasons). See A&S Report at 2-3; Order of the County Executive Setting Cable Television Rates For Basic Service and Equipment Pursuant to FCC Forms 1240 and 1205 Filed April 3, 2003 (Jan. 23, 2004) ("2004 Rate Order") at ¶ 15.

10. Comcast did not object to the County's ruling on this issue in Comcast's appeal of the 2004 Rate Order.

11. In its comments, Comcast argued that subscribers receiving free service should not be counted for Form 1240 purposes. Comcast questioned the notion that omitting such subscribers would create a subsidy. In addition, Comcast cited a number of contexts other than Form 1240 in which it alleges the FCC does not count free subscribers for various purposes. Comcast Comments at 4-5.

12. Comcast provides free service to its own employees and gives complimentary accounts to others. The free service to employees is an employee benefit. The complimentary accounts are given away by Comcast for marketing reasons. Thus, these free accounts represent part of Comcast's cost of doing business. See letter from Garth T. Ashpaugh to Frederick E. Ellrod III dated March 22, 2005, responding to the Comcast Comments, appended hereto as Attachment 2, at 2 ("A&S Response").

13. On Form 1240, Comcast recovers franchise-related costs through its BST charges to subscribers. If free subscribers are not included in the subscriber count, these franchise-

related costs are spread only across paying subscribers. Thus, the paying subscribers would subsidize the free subscribers by paying the part of Comcast's costs allocable to the free subscribers. A&S Response at 2.

14. Similarly, Comcast recovers programming costs on Form 1240. In some cases, programmers charge a flat fee to Comcast, not based on the number of subscribers. Comcast's treatment of these costs thus suffers from the same problem as its treatment of franchise-related costs: paying subscribers would be required to pay the portion of these fixed costs properly allocable to the free subscribers. A&S Response at 2.

15. It would be improper to charge paying subscribers to underwrite Comcast's business decision to grant free service to other subscribers. Thus, free subscribers must be included in the subscriber count.

16. The analogies offered in the Comcast Comments do not alter this conclusion. First, Comcast appears to concede that the FCC has never ruled specifically that free subscribers should not be counted on Form 1240. Comcast does quote the FCC to the effect that an equivalent billing unit ("EBU") method, under which bulk-rate subscribers are counted *pro rata* according to their reduced costs, "correctly recognize[s] the reduced costs of providing services on a per subscriber basis to special customer classes." Comcast Comments at 5. However, Comcast's free subscribers are not, like bulk subscribers, receiving service at a reduced cost to Comcast; rather, Comcast is absorbing the cost of these free accounts as a business expense, and should not be allowed to impose some of that cost on paying subscribers.

17. Comcast also quotes an FCC order stating that in determining effective competition, "each separately billed or billable customer will be counted as a 'household.'" Comcast Comments at 5 (emphasis added). If it is relevant at all, however, this analogy cuts

against Comcast's claim, since households counted for purposes of effective competition include both those that are billed and those that are not billed but "billable." Comcast also refers to bad debt calculations, franchise fee calculations, and "other FCC filings" (Comcast Comments at 5), none of which it has shown to be significantly related to the equitable determination of reasonable costs on Form 1240.

18. The County finds that the adjustment made by A&S is reasonable and appropriate under FCC regulations.

B. Channel Count

19. In March 2004, Comcast moved four channels from the BST to an unregulated service tier. Comcast also added to the BST a new channel, WGN, not previously carried on the system. A&S Report at 3.

20. Comcast and the County have stipulated to the effect of this channel change for purposes of the 2004 Form 1240 in a Rate Agreement appended hereto as Attachment 3. The revised Form 1240 calculation attached to the A&S Report incorporates that stipulation. Accordingly, the treatment of Comcast's channel change is not further discussed herein.

C. Programming Costs

21. The A&S Report makes adjustments to the programming costs filed by Comcast based on several specific factors. A&S Report at 4.

22. In addition, Comcast disclosed for the first time on July 7, 2004, that it had received launch fees on a BST channel in 2001 and was amortizing this amount as an offset to programming expense on its books. Comcast had not previously disclosed these facts, although

it should have done so under FCC rules and in response to the County's requests each year for support for the actual amounts Comcast paid to programmers. In March 2004, the channel in question was moved off the BST. A&S Report at 4. These launch fees constitute payment from a programmer related to Comcast's carriage of a channel. As such, they must be offset against the ostensible cost of the channel to avoid misrepresenting the real cost of the channel to Comcast. By omitting to include the launch fees and thus overstating its programming costs, Comcast has overcharged subscribers for the period 2001 through March 2004.

23. The A&S Report corrects for Comcast's over-recovery by reducing the company's current programming costs by the amount of the previously undisclosed launch fees. To make subscribers whole, the A&S Report includes in this reduction the 7.5% programming cost markup taken by Comcast in Worksheet 7 and the 11.25% interest rate that represents the time value of money reflected in the time lag between Comcast's over-recovery and the A&S Report's correction. A&S Report at 4-5.

24. Comcast objects that it does not understand how A&S computed this adjustment. In a footnote, however, Comcast recites the description of how the adjustment was computed from the A&S Report. Comcast Comments at 6 & n.19. That description provides sufficient information for Comcast to understand how the computation was made. Thus, Comcast's objection is groundless. Accordingly, there is no reason to reach the company's peculiar claim that it is entitled *both* to keep the underlying data confidential *and* to have a detailed computation included in the public report and order.

25. The Comcast Comments (n.19) express confusion about the amounts of the launch fee adjustment. The difference between the two numbers quoted by Comcast is made up of the 7.5% markup in Worksheet 7 and the 11.25% interest for the time lag caused by

Comcast's failure to report the launch fees to begin with – the factors indicated in the A&S Report's description of the methodology. *See* A&S Response at 2.

26. The County finds that the adjustment made by A&S is reasonable and appropriate under FCC regulations.

D. FCC Regulatory Fee

27. Comcast's 2004 Form 1240 failed to include the FCC regulatory fee charged to cable companies as a cost of regulation. The A&S Report corrects this error. A&S Report at 5.

28. Comcast claims that FCC rules permit it to omit the FCC regulatory fee on Form 1240 and instead to create a separate charge to basic subscribers based on an unverified "off-form" calculation. Comcast Comments at 7.

29. The FCC regulatory fee is treated as an external cost under FCC regulations, just like taxes, franchise fees, franchise-related costs, retransmission consent costs, other programming costs, and certain digital headend equipment costs. *See* 47 C.F.R. § 76.922(f)(1)(vi). Except for franchise fees, which have always been treated differently by the FCC, all these are recovered in the Form 1240 calculation. *See* Form 1240 instructions at 41-42. In fact, there is a specific line on Worksheet 7, line 708, on which the FCC directs Comcast to enter the FCC regulatory fee. *Id.* at 42. Thus, a cable operator recovers the FCC regulatory fee on Form 1240, not through an "off-form" calculation.

30. The Form 1240 calculation is the only mechanism made available by the FCC to ensure appropriate recovery of the regulatory fee. Use of the form as intended by the FCC allows the County to review Comcast's support for the determination of the amount Comcast recovers in the County, and handles any under- or over-recovery through the true-up process.

Comcast's preference for an off-form calculation, on the other hand, provides no mechanism to handle over- or under-collections. A&S Response at 3. Thus, Comcast's claim that its failure to use the FCC form "facilitates strict compliance," Comcast Comments at 8, is exactly the opposite of the truth: Comcast's method facilitates the company's concealment of its calculations and would make more difficult the required regulatory review.

31. The Comcast Comments incorporate an argument having to do with how the FCC regulatory fee is line-itemized. Comcast Comments at 7. This is irrelevant to the fact that the fee is to be included in the Form 1240 calculation.

32. Comcast also argues that because the County's 2004 Rate Order did not require Comcast to correct this problem, the County is now somehow precluded from doing so. The company ignores the fact that the County noted this problem in its 2004 Rate Order and, although the County did not require Comcast to make the correction in 2004, specifically reserved its right to do so in the future:

24. It appears that the 2003 Rate Filing excludes from the Form 1240 calculation the FCC Regulatory Fee imposed on Comcast by the FCC pursuant to 47 U.S.C. § 159. Instead, Comcast adds that fee onto the calculated rate after completing the Form 1240 calculation. This procedure does not seem to be consonant with FCC regulations, which treat the Regulatory Fee as part of the rate calculation. *See, e.g.*, 47 C.F.R. §§ 76.922(e)(2)(ii)(A), 76.924(f)(5). However, it does not appear that this irregularity of treatment results in any difference in the rates charged to subscribers. Accordingly, the County will not require an alteration in Comcast's treatment at this time. The County reserves its right to make any necessary corrections if it should become apparent that any party is disadvantaged by Comcast's treatment of the Regulatory Fee. (2004 Rate Order at ¶ 24, footnote omitted)

Thus, Comcast was expressly on notice with respect to this issue, and cannot have "reasonably relied upon the Consultant's previous methodology" (Comcast Comments at 8). (Nor has Comcast incurred any liability through such "reliance".)

33. The statement in the Comcast Comments that “the County previously accepted, and even required” the use of Comcast’s method is thus false, and, since Comcast has read the 2004 Rate Order, Comcast knows that the statement is false.

34. The County finds that the adjustment made by A&S is reasonable and appropriate under FCC regulations.

E. Franchise-Related Costs

35. As in its 2002 and 2003 filings, Comcast’s 2004 Form 1240 erroneously seeks to recover interest on interest for amortized franchise-related costs. The A&S Report once again corrects this error. A&S Report at 5.

36. Comcast objected to the County’s historic treatment of these costs, as reflected in the 2004 Rate Order, and included that issue in its appeal of that order to the FCC. The FCC has not ruled on Comcast’s appeal. Thus, the County’s 2004 Rate Order remains binding with respect to this issue.

F. Projected Period Costs

37. The Comcast Comments object to the A&S adjustment to Comcast’s projected period costs.

38. Since Comcast based its projected period costs on the past costs for its true-up period (increasing those past costs by one percent), it was necessary to “flow through” the A&S corrections to Comcast’s true-up costs into the projected period costs, so that the numbers remained consistent with Comcast’s estimation methodology. The A&S calculation used Comcast’s own methodology to do so. A&S Response at 3.

39. The County finds that the adjustment made by A&S is reasonable and appropriate under FCC regulations.

G. Conclusion

40. In light of the above discussion, the County finds the A&S Report's adjustments to the Form 1240 calculations to be reasonable and appropriate.

41. According to the A&S Report, it appears that Comcast is itemizing on subscriber bills a franchise-related cost amount that is less than the actual amount the company is passing through to subscribers. A&S Report at 2 n.1. The County reserves its right to review this matter further and take any appropriate action.

III. ORDERING CLAUSES

IT IS THEREFORE ORDERED THAT:

42. Comcast's maximum permitted rate for basic service (including the FCC regulatory fee) is hereby set at \$16.0527 excluding the franchise fee and any add-on amount pursuant to Form 1235, but including all other franchise-related costs and the FCC regulatory fee, in accordance with the calculations and rationales of the A&S Report. A&S Report at 2. The rates set herein will govern Comcast's basic service rates until Comcast implements a further rate change pursuant to applicable law.

43. As soon as possible, but in any event within sixty (60) days from the effective date of this Order, Comcast shall make any rate reductions and refunds that may be necessary based on the BST rate shown above, in accordance with 47 C.F.R. § 76.942(d), with interest

computed at applicable rates published by the Internal Revenue Service for tax refunds and additional tax payments, pursuant to 47 C.F.R. § 76.942(e).

44. Pursuant to ER §§ 5.2 and 6.1(c), Comcast shall file with the County within ninety (90) days from the date of this Order a certification, signed by an authorized representative of Comcast, stating whether Comcast has complied fully with all provisions of this Order, describing in detail the precise measures taken to implement this Order.

45. Comcast shall not charge any BST rate higher than the BST rate set herein, nor increase that rate, nor impose on subscribers any other charge for basic service not specified herein or in the County's previous rate orders, including but not limited to bulk and commercial rates (to the extent such limitation is permitted by applicable law), unless such charge is first filed with and approved by the County, in accordance with applicable law and regulations, including but not limited to the notice requirements imposed by 47 C.F.R. § 76.932, or as otherwise expressly permitted by applicable law and regulations.

46. Comcast may charge a rate less than the maximum rate indicated above for basic service, as long as such rate complies with applicable law and is applied in a uniform and nondiscriminatory manner, pursuant to federal, state, and local laws and regulations.

47. Pursuant to ER § 4.3, the BST rate set herein is subject to further reduction and refund to the extent permitted under applicable law and regulations, as the same may be amended.

48. The County reserves all of its rights, without limitation, to take any further action that may be appropriate in light of Comcast's failure to disclose launch fee payments offsetting its programming costs. See ¶ 22 above.

49. The findings herein are based on the representations of Comcast. Should information come to the County's attention that these representations were inaccurate in any material way, the County reserves the right to take appropriate action. This Order is not to be construed as a finding that the County has accepted as correct any specific entry, explanation or argument made by Comcast not specifically addressed herein.

50. The County reserves all of its rights with respect to rate regulation, including, but not limited to, any right it may have to reopen this rate proceeding based on new information or rulings by governing authority, if it appears that such new information or rulings could alter the reasonable rates prescribed by FCC regulations, pursuant to ER § 4.3, and any right it may have to "true up" overcharges or undercharges in connection with future rate filings pursuant to 47 C.F.R. § 76.922(e)(3).

51. This Order constitutes the written decision required by 47 C.F.R. § 76.936(a).

52. To the extent that the Executive Regulation would impose deadlines or hearing requirements more stringent than those observed with respect to this process, and waiver of such requirements would be consistent with applicable FCC regulations and would not cause substantial harm to any party, the County Executive hereby waives such requirements, pursuant to ER § 6.1(c).

Set Cable Television Rates Pursuant
To FCC Form 1240

69-05

Technology Services
Office of Cable and Communication Services

346001

53. This Order shall be effective immediately upon its approval by the County Executive, pursuant to ER § 4.1.

54. This Order shall be released to the public and to Comcast, and a public notice shall be published stating that this Order has been issued and is available for review, pursuant to ER § 4.1 and 47 C.F.R. § 76.936(b).

Douglas M. Duncan
County Executive

Date

ATTACHMENT 1: REPORT OF ASHPAUGH & SCULCO, CPAs, PLC

ATTACHMENT 2: LETTER FROM GARTH T. ASHPAUGH TO FREDERICK E. ELLROD
III, DATED MARCH 28, 2005

ATTACHMENT 3: RATE AGREEMENT